FINANCIAL TIMES

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of

NEWS SUMMARY

NERAL

Chilean vote rigged—U.S.

The U.S., reacting sharply to the Chilean referendum, said it feared that the Pinochet régime had rigged the ballot which resulted in an overwhelming vote of confidence for the military Government.

Mr. Tom Reston, Deputy State Department spokesman, said that the U.S. believed that "as a matter of principle any election should offer all parties sufficient guarantees to present their case and give voters a full and fair opportunity to express their views. This situation did not obtain in Chile." Pinochet's rule endorsed, Back Page

Brazil's President Geisel has chosen his intelligence chief, General Figueiredo, to succeed him as head of state in 15 months. Page 3

Arab murder link sought

Scotland Yard's anti-terrorist squad is working on the assumption that there is a connection between the murder on Wednesday of Mr. Said Hammami, the Palestine Liberation Organisation representative, and the car bomb explosion in Mayfair on New Year's Eve in which two Syrian Embassy staff died. A photofit of the Hammami killer has been issued. Page 5

Ecevit takes over

Mr. Bulent Ecevit, who ordered the invasion of Cyprus in 1974, took office again as Prime Minister of Turkey after his Cabinet was approved by President Koruturk. Back Page

Safer by rail

No railway passengers have died in train accidents since the autumn of 1975—the first time since the Rocket that there has been such a two-year safety record.

Sinai plans

Israel plans to build new settlements in North Sinai, even though it appears tentatively to have accepted that the area will be returned to Egypt under a peace agreement. Page 3

His hang-up

A retired computer inspector has been arrested on charges of making about 47,000 harassing telephone calls over 18 months. Japanese police said the man phoned his former employers at their offices and homes and then replaced the receiver without saying a word.

Crown returned

Mr. Cyrus Vance, Secretary of State, arrives in Budapest to-day as head of the delegation returning the Holy Crown of St. Stephen to the Hungarian Government. Feature, Page 2

Fire down below?

A Roman villa has been unearthed in the centre of Manchester. Archaeologists hope also that there may be a temple dedicated to the God of Fire below City Hall, which faces demolition.

Briefly . . .

British student Andrei Klymchuk, freed after being held for five months by the Russians on charges of anti-Soviet activities, arrived at Heathrow Airport yesterday.

Lord Plurenden, formerly Sir Rudy Sternberg, the chairman of the Agricultural Export Council, has died, aged 60. Obituary, Page 5

Mr. Brian Wenham, head of BBC TV's current affairs group, is to become controller of BBC 2.

First heavy rain in ten months fell on the drought-stricken Sicilian capital of Palermo.

Australian fast bowler Jeff Thomson has turned down an offer to play for Surrey.

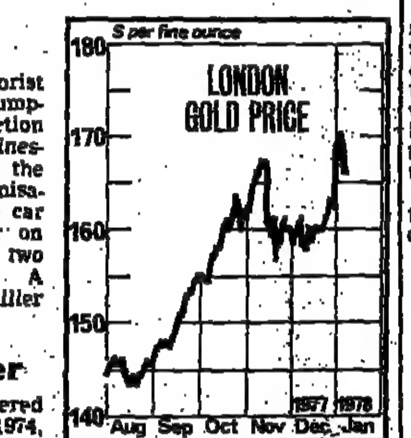
BUSINESS

Equities up 6.7; Gold falls $5

● EQUITIES responded favourably to the benefits for overseas earnings of exporting companies implied in the strengthening of the dollar. The FT Index closed at the day's best with a rise of 6.7 points to 494.5, making a 24.7 gain in the past 10 days.

● GILTS showed early losses, and longs closed ⅛ down, with shorts drifting lower. The Government Securities Index closed 0.27 down at 78.09.

● STERLING fell 7.40 cents to $1.8880 after U.S. Government moves to support the dollar. The pound's trade-weighted index fell to 64.7 (66.2). The dollar's depreciation narrowed to 4.40 per cent. from 6.02 per cent., after the U.S. currency had reached better levels against main European currencies.



● GOLD fell $5¾ to $166⅛ following the dollar's recovery.

● WALL STREET closed 3.85 down at 804.92.

● NEW TEXTILE quotas under the Multi Fibre Arrangement will check the flow of cheap imports of textile and clothing into European countries especially from Hong Kong, South Korea, Taiwan, India and Brazil. Back and Page 4

● GALLAHER is launching a do-it-yourself filter cigarette kit this month on the U.K. market in response to the EEC tax harmonisation rule which came into effect on January 1. Back Page and News Analysis, Page 5

Tate & Lyle plant contract

● TATE & LYLE has won a contract to develop and manage a $140m. sugar plant in Swaziland. Back Page

● BRITISH AIRWAYS must earn an operating profit equal to 10 per cent. of revenue for the next ten years if the airline is to afford the aircraft to remain competitive, its new chief executive Mr. Ross Stainton has said. Page 5

● POST OFFICE estimates that its parcels service, which lost £23.6m. last year will be profitable by the end of the current financial year. Page 5

● OFFSHORE oil and gas installations are being hampered by marine growth according to a Government report on underwater technology. Back Page

● RETAIL price inflation could fall below 10 per cent. in March and reach a low of 7½ per cent. to 8 per cent. in June, according to a stockbroker's analysis. Page 5

COMPANIES

● ALLIED BREWERIES has raised pre-tax profits by £14.2m. to £77.2m. on turnover up to £1.1bn. (£885.3m.) for the year to September 24. Page 15 and Lex

● S. AND W. BERISFORD reports pre-tax profits for the year to September 30 of £23.57m. (£13.56m.) on turnover up from £768.4m. to £1.26bn. Page 14 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Automated Security	47	+ 4
Bilton (P.)	184	+ 6
Brown (J.)	241	+ 9
Burt Boulton	185	+ 10
Commercial Union	155	+ 5
Davy Intnl.	258	+ 7
Davies and Newman	119	+ 7
Fashion and Gen. Inv.	175	+ 13
Fenner (J. H.)	138	+ 9
Furness Withy	345	+ 17
Glaxo	603	+ 12
Haggas (J.)	96	+ 8
Hambro Life	295	+ 8
Horizon Midlands	88	+ 6
Irish Distillers	121	+ 5
Lake and Elliot	58	+ 5
Lloyds Bank	297	+ 10
Manchester Garages	36	+ 4½
Matthews Wrightson	210	+ 17
Mills and Allen Intnl.	122	+ 7
Morgan Crucible	123	+ 6
Norwest Holst	85	+ 5
Rank Org.	265	+ 10
Saatchi and Saatchi	98	+ 5
Sunley (B.)	210	+ 14
Tube Invs.	394	+ 8
Vantona	119	+ 6
Vaux Breweries	409	+ 12
Vickers	195	+ 19
BP	864	+ 22
Siebens (U.K.)	278	+ 18
Ultramar	232	+ 8

FALLS

Treasury 12pc 1995	£108	− ⅜
Coral Leisure	134	− 9
Ratners	90	− 3
Cons. Gold Fields	175	− 6
De Beers Dfd.	286	− 9
Kinross	290	− 25
Libanon	440	− 33
Western Holdings	£13⅜	− 1

Firemen's leaders vote to recall union conference

BY ALAN PIKE, LABOUR CORRESPONDENT

The Fire Brigades Union executive yesterday accepted that it could go no further in its fight for pay increases beyond the Government's guidelines. It will recall its delegate conference next week and recommend a return to work.

A decision on whether Britain's first national firemen's strike should end now rests with the strikers. The executive decided to recall the conference by a 12—4 vote.

Yesterday's move came after nearly eight weeks in which the Government has refused to be moved from its determination to keep public sector pay settlements to 10 per cent.

Last night, discussions between union leaders and the local authority employers on detailed aspects of a proposed new pay formula for firemen were still in progress

Only the FBU conference has the authority to end the strike. The executive has acknowledged that its efforts to secure immediate pay rises of more than 10 per cent. have failed but delegates cannot be guaranteed to take the same view.

In spite of improvements in some non-pay areas of the formula—won by the union during more than 30 hours of talks at the Home Office this week—the employers' offer is, in terms of wages one on which the strikers could have returned to work nearly a month ago.

When the formula was first put to the membership, all but one of the FBU's regions rejected it as a basis for ending the strike although it was welcomed as a long-term way of determining firemen's pay.

The executive now faces the demanding task of convincing its members that improvements in the formula are valuable and—most important—that continuation of the strike will not easily move a Government which has stood firm for almost two months.

Union leaders of 96,000 manual workers in the electricity supply industry have tabled a claim for a "substantial" rise in basic pay. Mr. Frank Chapple, general secretary of their union, said there would be a real battle if the Government tried to treat them like the firemen. Page 6.

Firemen have shown themselves to be a determined body during the strike action and held together with a unity which has surprised some FBU leaders. Left wingers in the union will urge the strikers to remain determined and a campaign for a vote to keep the dispute going was already under way last night.

If the conference decides to end the strike, the pay of a qualified fireman, will, after a 10 per cent. increase backdated to November, rise to £76.80 per week.

There will then follow a two-stage exercise beginning this November and finishing in November 1979, to take firemen's pay into line with industrial employees. They will then be threequarters of the way up the manual earnings table—with wages roughly equivalent to skilled manual workers in industry.

After this, firemen's pay will be automatically adjusted each year to keep them in this position. Under a separate clause of the formula, working hours will be reduced from 48 to 42 per week this November.

The Government has agreed to guarantee the formula against the restrictions of any possible future incomes policy, although the Conservative Party refuses to be similarly bound.

Last night, strikers' leaders in Strathclyde, Merseyside and South Yorkshire predicted that their representatives would vote to continue the strike. In other areas, including Hampshire and Northern Ireland, their were signs of support for a return to work.

Editorial Comment Page 12

U.K. likely to help exploit Bangladesh natural gas

BY RICHARD EVANS, LOBBY EDITOR DACCA, Jan. 5.

THE PROSPECT of a major U.K. involvement in the exploitation of the rich natural gas fields of Bangladesh appears to be much closer following further talks between Mr. James Callaghan and President Zia.

Talks involving the British Gas Corporation and a major private company are well advanced. The Prime Minister has promised his maximum backing on his return from Bangladesh, India and Pakistan.

A senior official of British Gas's International Consultancy Service is expected to fly to Dacca for further negotiations later this month. The ICS subsidiary is involved in a number of gas projects overseas. In the 1976-1977 financial year, for instance, it won £8m. worth of consultancy business.

It is not known whether the private company which may become involved is an oil major—such as British Petroleum or Shell—or an engineering contractor.

Apart from exploration and exploitation schemes, it is hoped that an ambitious proposal will be developed which would entail the ordering from British yards of around six tankers to export the natural gas to the west coast of the U.S. and to Japan.

Harland and Wolff, not part of British Shipbuilders, has two small gas tankers in its present order book. Within British Shipbuilders, Swan Hunter on Tyneside has the most recent experience of gas tanker building, but there would also probably be interest in any order from Scott Lithgow, Cammel Laird, Vickers and even Smiths Dock, Teesside.

The value of the vessels would depend on size, but could easily be in the £450m. area—four times the value of the recent Polish order.

Although much work remains to be done Mr. Callaghan and President Zia were optimistic about prospects for both the exploitation of natural gas and for a feasibility study on how to harness the waters of the Ganges.

Another possibility that particularly interests Bangladesh is a plant for converting natural gas into fertiliser, together with a plant for its conversion into liquefied gas.

President Zia said he would welcome additional economic aid from Britain and other Western countries. He hinted that it should have fewer strings attached and should be on a scale that would enable his country to solve its problems effectively.

Mr. Callaghan also referred optimistically to the prospects for a feasibility study, financed in whole or in part by Britain, to harness the waters of the Ganges. This subject can be expected to come up during the Prime Minister's talks with Mr. Desai, the Indian Premier, in Delhi next week.

There is a delicate political problem involved as two major solutions have been put forward, one by the Indians and one by Bangladesh. Mr. Callaghan will not want to be accused of taking sides before the long-term study is launched.

The Indians have suggested cutting a canal from the Brahmaputra through to the Ganges, but this would use a great amount of precious Bangladesh agricultural land. Bangladesh would prefer to have the waters of the Ganges controlled by building of reservoirs in Nepal, an idea opposed by the Indians.

Coral Leisure bids for Pontin's

BY KEITH LEWIS

CORAL LEISURE was confirmed last night as the bidder for the Pontin's hotels and holiday villages group in an agreed cash and shares package worth £55m.

Announcement of the deal, which places a value on each Pontin's share of 45.6p, with Coral 9p lower on the day at 134p, follows two days of intense speculation. This began after Pontin's asked the Stock Exchange, without explanation, on Wednesday, to suspend dealings in its shares at 38p.

The terms of the bid—four Coral shares, plus 240p cash, for every 17 Pontin's shares—have the blessing of the Pontin's Board, headed by Sir Fred Pontin, the 71-year-old founder of the business.

Irrevocable acceptances from the directors and families have not so far been given. The last accounts showed combined holdings of only 7.1 per cent. of the capital, though, together with family trusts, the figure could be nearer 10 per cent.

This would appear to leave the way open for any rival bidder. However, it is felt that the recommendation of Sir Fred Pontin will carry considerable weight with the company's 26,500 shareholders.

Following a successful conclusion to the deal, which was at the instigation of Pontin's, Sir Fred will join the Board of Coral. With him will go three other Pontin directors: P. E. Hopper, R. G. Whitehead and T. J. Hemmings. Sir Fred and Mr. Hemmings will also be joining the Coral management Board.

Mr. J. M. Hoare and Mr. D Spencer, respectively managing director and finance director of Coral, will join the Board of Pontin's.

A joint statement issued last

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Dollar recovers sharply in Europe

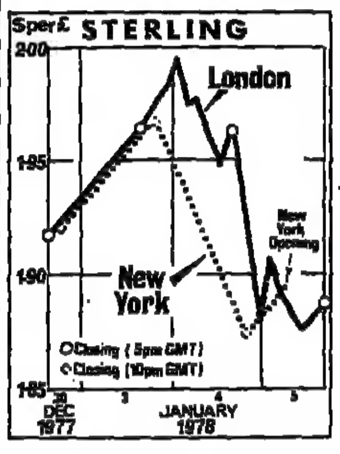
BY MICHAEL BLANDEN

The dollar rose sharply in European exchange market dealings yesterday, reflecting the overnight recovery in New York after the announcement of the new U.S. support measures.

In London, the pound ended with a fall of 7.40 cents from the previous day's closing level at $1.8880. This compared with a rate of $1.8750 in New York on Wednesday night. Sterling's trade-weighted index against a basket of currencies fell to 64.7 against 66.2.

The dollar moved up against the two strongest Continental currencies, the Swiss franc and the West German D-Mark. It closed at Sw.Frs.2.04 compared with Sw.Frs.1.9325 on the previous day, and at DM2.1560 compared with DM2.0640.

The improvement in the dollar was clearly reflected in



its trade-weighted depreciation, as calculated by Morgan Guaranty in New York. This narrowed sharply from 6.02 per cent. to 4.40 per cent.

The turn-round in the dollar also brought a sharp fall in the gold price by $5.75 to $166.125 an ounce. This was well below the price of $171.26 paid at Wednesday's International Monetary Fund auction.

The new U.S. exchange market policy, to stop the decline of the dollar with the help of the U.S. reserves, existing swap agreements with central banks and a new arrangement with West Germany, was widely welcomed by central bankers.

In early New York trading last night, the Federal Reserve was reported to have inter-

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End of benign neglect of dollar, Page 12

£ in New York

—	January 5	Previous
Spot	$1.8060-9100	$1.8700-8800
1 month	0.03-0.07 prem.	0.03-0.08 prem.
3 months	0.17-0.21 prem.	0.20-0.25 prem.
12 months	0.45-0.55 prem.	0.60-0.75 prem.

Unions react swiftly to Mini leak

BY PHILIP BASSETT AND PETER CARTWRIGHT

UNION OFFICIALS moved swiftly yesterday to counter the damaging implications of what they regard as an inspired leak that British Leyland is close to killing off the new Mini.

The Confederation of Shipbuilding and Engineering Unions has been asked to arrange an urgent meeting with Mr. Michael Edwardes, chairman of British Leyland.

In a separate move TASS, the white-collar section of the Amalgamated Union of Engineering Workers yesterday refused a Leyland request to allow £12.5m. worth of design engineering and associated work for a face-lifted Marina to go to West Germany.

"Our members at Leyland Cars are also being offered £7 an hour, up to £280 basic to work at establishments in West Germany where the jobs would be carried out," Mr. John Rowan, Midlands secretary of TASS, said last night. "We are not going to see a trickle of this kind become a flood and Leyland reduced to assembling other people's cars."

Leyland's unions are also concerned about rumours that the strike-hit Speke plant, on Merseyside, could face closure. Leyland management, trade unions and the Advisory Conciliation and Arbitration Service will try to find a solution to-day to the 10-week-old strike of 1,800 workers at Speke where the export-orientated TR7 is built. The dispute has caused the lay-off of 2,000 men in the body plant there and another 2,000 at Canley, Coventry, and Rover at Solihull.

There was more trouble in the car industry on Merseyside yesterday when 300 workers in the press room of Ford's Halewood plant decided to go on strike over work schedules from Monday. Production has not yet been affected, but a further 700 workers are expected to follow suit and join the unofficial strike next week.

The reports of Leyland's plans worried British Leyland workers at Cowley yesterday, since the future of their plant could be affected by any decision to scrap the new Mini.

They fear that if the equipment at Leyland's Longbridge plant is not used for the new Mini, the company will use it for the new LC10 middle-range car to replace cars such as the Maxi, now nearing the end of its life, and eventually the Marina, both of which are produced at Cowley.

Union officials are likely to call to-day at a meeting at Cowley for discussions on the Mini's future and of any possible redundancies to be brought into the open. They want the matters dealt with at an already planned meeting next week of the joint management-union Leyland Cars council.

Mr. Brian Mathers, senior Midlands official of the Transport and General Workers' Union, said the union would be calling for a firm declaration by the company as to where it was going.

● Leyland South Africa said yesterday that it knew nothing about any plans by British Leyland to run down their car operations there. Reports yesterday said overseas loss-making parts of Leyland faced possible closure, including the South African operation. Leyland South Africa engaged in a R15m. (£9m.) expansion programme, featuring the Rover 3500.

The Mini assembly plant near Cape Town is being modernised and expanded at a cost of R1m.

John Elliott, Industrial Editor writes: The plans for Leyland's future now being finalised by Mr. Edwardes and his senior executives seem likely to be received favourably when they are submitted to the National Enterprise Board before being passed on to the Government.

It seems unlikely that the NEB will want to interfere with the broad strategy decided on, although there could be objections to certain parts from individual union leaders who sit on the Board, such as Mr. Harry Urwin, deputy general secretary of the TGWU, if specially harsh redundancies were proposed.

But generally it is the policy of the NEB, under its chairman, Sir Leslie Murphy, to leave the management of the company to Mr. Edwardes who is himself a former NEB member.

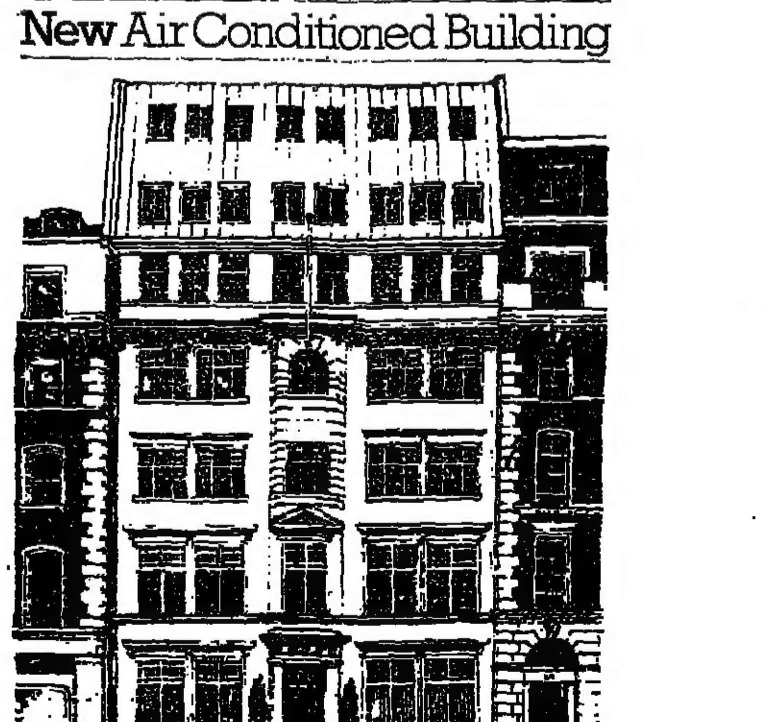
One of Mr. Edwardes' close colleagues at Leyland is the former head of the NEB's BL support staff, Mr. Michael Carver, who remains in close touch with the NEB.

Given these close associations, it is extremely unlikely that Mr. Edwardes' eventual ideas will fall foul of the NEB which is likely to receive them in the form of an overall Leyland corporate plan by the middle of next month.

The Government has yet to be informed by the company of any firm decisions and may not receive any official news till the NEB sends the final approved corporate plan to Mr. Eric Varley, Industry Secretary.

FINANCIAL TIMES

The price of the Financial Times will be increased from 12p to 15p on Monday, January 9. We have given an undertaking to the Price Commission that no further cover price or advertisement rate increases are planned for the newspaper during 1978, and that furthermore, unless the rate of inflation turns sharply upwards over the period, no further cover price increase is planned for 1979.



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EUROPEAN NEWS

Communists rebuff Mitterrand's bid for reconciliation

BY ROBERT MAUTHNER PARIS, Jan. 5.

THE FRENCH Communist Party to-day reacted negatively to the proposals made yesterday by M. Francois Mitterrand, the Socialist leader, to patch up the two parties' differences on the common programme of the Left, which led to the breakdown of their alliance last September.

Though the Communists have not yet taken an official stand—they are due to hold a conference on their electoral strategy next week-end—the party newspaper L'Humanite said in a leader to-day that the "unilateral" publication of their election programme by the Socialists was an indication that they did not want to resume negotiations on a common programme.

Describing the Socialist document as "a hasty bit of tinkering" with the common programme, the Communist paper indicated that it did little to iron out the differences between the two parties on vital problems such as nationalisation and defence.

Though M. Mitterrand yesterday went out of his way to underline the concessions that the Socialists had made on nationalisation—they were ready to extend the list to seven important subsidiaries of the nine big industrial groups due to be taken over by the State—L'Humanite still maintained that the gap on this subject remained very wide.

On defence, too, the paper claimed that the Socialist programme had left out a vital phrase which figured in the updated version of the common programme worked out by the two parties before their negotiations finally broke down.

That phrase, which followed an undertaking that France would not rejoin NATO's integrated military organisation, specifically ruled out the association of France with "a new integrated military organisation," such as a collective European defence system.

In the light of the differences which still remain on the most important problems, M. Mitterrand's concession to the Communists yesterday on the level of the national minimum wage and the rate at which a new wealth tax would be levied by a Government of the Left, are no more than drops in the ocean.

By refusing to admit that the Socialists have made any significant concessions on the nationalisation issue, which most independent observers consider that they certainly have done, the Communists appear to be closing the door to any resumption of negotiations which is not preceded by a complete Socialist climbdown.

Grim list of problems faces Turkey's new Premier

BY METIN MUNIR IN ANKARA

WHEN MR. BULENT ECEVIT was designated Prime Minister of Turkey last June, thousands of people filled the streets of Ankara, chanting songs, dancing and waving party flags. There has been no repetitive. Ankara has proceeded with its normal grey winter life of smog, snow and slush.

The situation is too grim for jubilation. The economy is in a mess, political bloodshed is rife, and there is a web of problems in foreign relations.

The Turkish economy is going throught one of its worse patches — "both drunk and suffering from a hangover," as an economist put it, referring to the current stagflation. The current account deficit last year was a record \$3,700m., gold and foreign currency reserves last week stood at under \$600m., compared with over \$1,000m. in the beginning of the year. The Central Bank owes \$1,900m. to foreign private banks in short-term loans which it is unable to repay.

Inflation and unemployment, which have both been high ever since 1970, reached record heights in 1977. Inflation is believed to have exceeded 35 per cent., and unemployment 20 per cent., with more than 2.5m. unemployed.

Last September Mr. Suleyman Demirel, the former Prime Minister, and his two coalition allies—Mr. Necmettin Erbakan of the pro-Islamic National Salvation Party, and Mr. Alpoorslan Turkes, of the ultra-Right-wing Nationalist Action Party—invited the International Monetary Fund for talks. The trio launched a programme of austerity, which although a step in the right direction, was insufficient to stabilise the economy. The coalition parties disagreed about the remedial measures as they did just about everything else.

It will now be up to Mr. Ecevit to conclude the talks with the IMF. He will very likely have to devalue the Turkish lira by another 20 per cent., readjust interest rates, and pursue a tight money policy.

The Central Bank has advised the 52-year-old poet to continue the negotiations with the IMF from the point where his predecessor left off. But whether he will heed this advice is not known. His attitude to the IMF will provide a crucial insight into Mr. Ecevit's economic abilities which have not yet been tested.

The Central Bank, which has gone through a nightmarish year, does not want any dallying. Only after Turkey signs its agreement with the IMF can big international banks with large stakes in Turkey come forward with the massive loans required to keep the economy afloat.

"I don't know whether we can hang on for another month," a bank official said.

Another big problem which Mr. Ecevit will have to confront quickly is law and order. In the last two years hundreds of people have been killed and thousands wounded in the interminable clashes between extreme left- and right-wing factions. The number of acts of violence increased by about 120 per cent. between 1976 and 1977, from about 2,600 to 5,700 incidents.

Most of the blame is attributed to Mr. Turkes's Grey Wolves, a well organised, fanatically nationalistic group of young people waging a private war of attrition against the extreme Left. The latter certainly is not without blemish either.

UN Secretary General Kurt Waldheim's visit to Turkey this week-end will probably force Mr. Ecevit to come to grips with foreign policy issues without even going to the assembly for a vote of confidence.

Dr. Waldheim, who will go on to Athens and Nicosia, is on a mission to reactivate the deadlocked intercommunal talks between the Turks and Greeks of Cyprus.

As the man who ordered the Turkish army to Cyprus in 1974, Mr. Ecevit has often been described abroad as the only Turkish politician able to settle the Cyprus problem. He will now be obliged to live up to this expectation, which he himself has discreetly kept alive.

Mr. Ecevit has said that he is planning to tackle the Cyprus problem without waiting for the US to lift the embargo on arms supplies imposed on Turkey as punishment for the Cyprus war, but has given no indication of how he means to do it.

If he can get Cyprus out of the way he will have scored a major triumph. Settlement there would no doubt encourage the U.S. Congress to lift the arms embargo and ratify the Turkish-American defence co-operation agreement, to provide Turkey with more than \$1bn. worth of arms.

A settlement would also go a long way towards reducing tension between Turkey and Greece and opening the way to the solution of the Aegean dispute between them.

The question is whether Mr. Ecevit will have the strength to solve all of these formidable questions, or, indeed, whether he will remain in power long enough to make a sustained effort. The Government is an odd coalition between Mr. Ecevit's powerful Republican Peoples Party (RPP), independents, and two tiny parties—the Republican Reliance Party with two assembly seats and the Democratic Party with one.

With 11 deputies who are independent and 214 RPP deputies, the total strength of the alliance in the 450 seat National Assembly is 227. Their effective majority is only one.

Mr. Demirel is hoping that some of the 11 independents may abandon Mr. Ecevit since they are recent deserters from the Justice Party, who caused his parliamentary overthrow on New Year's Eve. If this happens he himself may form a coalition with Mr. Ecevit. This would be almost the only formula which has not yet come out of the splintered Turkish parliament.

The second weakness lie[s] inside the Government itself. I[n] exchange for their allegiance, th[e] 14 outside supporters of the RP[P] have been given 13 Cabinet sea[ts] —an event probably unparallele[d] in the annals of Europea[n] democracies. The 14 indepen[dents] will undoubtedly give th[e] Administration a right-win[g] slant.

But given the notorious un[]predictability of Turkish politic[al] life it is virtually impossible t[o] make an accurate forecast of th[e] new Government's prospects. M[r.] Ecevit says he is certain that hi[s] Government will be "stabl[e,] consistent and harmonious."

An outgoing Minister told me "I could not imagine a Govern[]ment which would be worse tha[n] ours. But Mr. Ecevit has foun[d] it. I give him three to fiv[e] months."

Probably both assessments ar[e] somewhat extreme. Much wi[ll] depend on Mr. Ecevit, a man o[f] unquestionable integrity, courag[e] and determination, but als[o] impulsive and lacking exper[i]ence. Much will also depend o[n] the 14 independents.

However, how Mr. Ecevit wil[l] tackle some of his fundamenta[l] problems should becom[e] apparent quite quickly. Mr Waldheim's visit at the week-en[d] will indicate what the Prim[e] Minister plans to do abou[t] Cyprus and the IMF delegation'[s] visit—probably at the beginnin[g] of February—will show his inten[]tions about the economy.

THE NEW CABINET is as follows: Prime Minister Bulent Ecevit; Deputy Premiers Orhan Eyuboglu, Turhan Feyzioglu and Faruk Sukan; State Ministers Enver Akova, Salih Yildiz, Lutfu Dogan, Ali Riza Septioglu, Mustafa Kilic, Ahmet Sener and Hikmet Cetin; Justice Mehmet Can; Defense Hasan Esat Isik; Interior Irfan Ozaydinli; Foreign Gunduz Okcun.

Finance, Ziya Muezzinoglu; Education, Necdet Ugur; Public Works, Serafettin Elici; Trade, Teoman Kopruluier; Health and Social Aids Mete Tan; Customs and Monopolies Tuncay Mataraci; Communications Gunes Ongut; Agriculture and Animal Husbandry Mehmet Yuceler; Labour Bahir Ersoy; Industry and Technology Orhan Alp; Economic Management Kenan Bulutoglu; Energy and Natural Resources Deniz Baykal; Tourism and Information Alev Coskun.

Housing and Public Works Ahmet Karaaslan; Rural Affairs and Co-operatives Ali Topuz; Forestry, Vecdi Ilhan; Youth and Sports, Yuksel Cakmur; Social Security Hilmi Isguzar; Culture Ahmet Taner Kislali; Local Administration Mahmut Ozdemir.

Industrialists gloomy over French general elections

BY DAVID CURRY PARIS, Jan. 5.

ALTHOUGH a substantial majority of company heads now expect the present Conservative coalition to win the March general election in France, many of them have little confidence in its ability to stand out subsequently against union demands for costly measures to attack unemployment. More than half of them expect a period of sharp conflict in industrial relations.

These findings are published by the magazine Expansion on the basis of interviews with 500 company chiefs. The survey is in preparation for a discussion forum between the Prime Minister, M. Raymond Barre, and industrialists.

The mood of pessimism is set by the fact that half of those questioned thought the Barre economic recovery programme a failure; 40 per cent. said that operating results in 1977 were worse than the previous year. More than one in two admitted that they were delaying decisions about investment and recruitment until after the March election.

The questions were based on three possible electoral outcomes—a victory by the present coalition; a Socialist Government, and a Socialist-Communist Government. The mood of the replies ranged from pessimism to despair.

Some 57 per cent. thought that a Government victory would lead to a general strike. Almost as many expected frequent occupations of factory premises by workers. A majority expected the Government to concede retirement at 60 and almost two-fifths thought that the unions would also get a fifth week's paid holiday.

Also on the dark side, fewer than one in three expected price controls to be dropped though most credited the Government with the ability to maintain the parity of the currency.

If the elections threw up a Socialist Government, industry saw a calmer future for industrial relations. But it also foresaw a whole chapter of economic and fiscal horrors including a limitation on the right to lay-off workers; a price freeze; shorter working hours; a wealth tax; depreciation of the franc and wholesale bank and industrial nationalisations.

The prospect of a Socialist-Communist alliance made the cup of misery overflow. The only consolation was a belief that the Communists would hold their big CGT industrial union in check on the shop floor.

At the debate to-day M. Barre refused to offer the consolation of quick remedies for France's economic troubles. He emphasised that three years of hard slog were necessary to tackle the basic structural problems in the economy.

Belgian devolution dispute

BY DAVID BUCHAN BRUSSELS, Jan. 5.

AS FINAL talks between the parties of Mr. Leo Tindemans' coalition Government on regional devolution for Belgium got under way to-day, the three French-speaking parties in it were still smarting from what they see as the Prime Minister's growing reluctance to implement concessions unfavourable to his fellow Flemish speakers.

The dispute does not bode well for harmony inside the coalition when the immensely complicated "Egmont" devolution plan comes to be presented to Parliament later this year.

The dispute was sparked off by Mr. Tindemans' remarks in a New Year's day radio interview that it would be "no calamity if the Egmont plan were implemented in stages."

The Egmont plan, agreed in principle with the formation of the new Government in June, is intended to turn Belgium into a fully federated state of two communities (Dutch and French speaking) and three economic and political regions (Flanders, Wallonia and Brussels).

But the Francophone parties, particularly the Brussels-based FDF, suspect that Mr. Tindemans, under growing pressure from his own Flemish Social Christian Party and Flemish nationalists, wants to put off the implementation of the special concessions made to those French speakers who live in Brussels' Flemish suburbs.

The Francophone parties want to press full steam ahead, and the FDF this week threatened to leave the coalition unless the Egmont plan was presented to Parliament by mid-February.

Mr. Tindemans has publicly dismissed this threat. But, even though the coalition which currently includes 172 of the 212 members of the Lower House could technically withstand the defection of the FDF, it would upset the communal balance of the Government and probably torpedo the devolution Bill.

On the other hand, strains between the dominant Social Christian Party and the Socialist Party over economic policy seemed to have eased somewhat following yesterday's cut in central bank interest rates.

Presidents Carter and Giscard d'Estaing walk along Omaha Beach, bridgehead of the 1944 invasion of Europe.

Carter Europe security pledge

BY OUR OWN CORRESPONDENT PARIS, Jan. 5.

PRESIDENT JIMMY Carter today gave President Giscard d'Estaing of France a specific assurance that the strategic arms limitation (SALT) agreement currently being negotiated by the U.S. and the Soviet Union would protect Europe's security interests.

The security of the United States' allies was a major consideration and the U.S. would continue to consult them on a bilateral and multilateral basis, said Mr. Jody Powell, the White House spokesman, after talks between the two leaders.

The discussions, lasting two and a-half hours, took place in the train taking the two Presidents from a pilgrimage to the graves of U.S. servicemen who died in the Normandy landings, on the second day of Mr. Carter's three-day official visit to France.

President Carter told his French host that he was determined to reach a SALT agreement which would provide for adequate verification procedures during the current year. After pledging last night that the U.S. would maintain its military presence in Europe, Mr. Carter said in Normandy that the presence of 200,000 U.S. fighting men in Europe were a guarantee that the threat to European freedom would never be repeated.

The U.S. President, who also gave President Giscard a full rundown of his recent talks on a Middle East settlement, said he was encouraged by the progress which had been made in the negotiations between Israel and Egypt, though he admitted that many difficult issues remain to be solved, Mr. Carter felt that the momentum of the Middle East talks could be maintained.

The U.S. and French leaders, who had a first round of talks lasting 90 minutes yesterday, also had an extensive discussion about African problems, covering both the situation in southern Africa and in the Horn of Africa. Both sides expressed concern about the build-up of Cuban forces and military equipment on the African continent and agreed that a diplomatic initiative in the area was called for. Mr. Powell did not explain what kind of initiative the two Presidents had in mind, but he said that they agreed that the African situation called for restraint on all sides.

Brussels talks end trip

BY GUY DE JONQUIERES BRUSSELS, Dec. 5.

THE STATE of the world economy, international trade and East-West security are expected to be the main themes discussed by President Carter when be visits the European Commission an dthe NATO headquarters here tomorrows on the final leg of his foreign tour.

While the Commission is generally satisfied with existing co-operation with the U.S. in most areas, it is keen to impress on the President that Japan should be more closely involved in concerted Western efforts to speed up the economic recovery and restart talks with the developing world on a new economic order.

The feeling in Brussels is that it would be indelicate to tackle Mr. Carter too directly about the problems of the dollar, though the Commission President, Mr. Roy Jenkins, would clearly welcome a signal of U.S. approval for his own effort to persuade EEC Governments to relaunch plans for a monetary union.

Officials here hope to hold more detailed talks with some of Mr. Carter's senior advisers on the workings of the new EEC and U.S. schemes for limiting steel imports and to probe them on the planned American offer in the GATT multi-lateral trade negotiations which are due to move into an active phase later this month.

At NATO, European ambassadors will be interested to hear Mr. Carter's impressions of Middle East developments but are expected to concentrate their questioning on East-West issues. They are especially concerned by his statement in Warsaw last week that Europe-based nuclear weapons, including the neutron bomb, should be discussed in any SALT III negotiations.

Brezhnev reappears in public

President Leonid Brezhnev appeared in public yesterday for the first time in four weeks, apparently recovered from a bout of influenza, UPI reports from Moscow. The official Tass news agency said Mr. Brezhnev, who is 71, presided at a Kremlin ceremony in which six high government, party and military leaders received orders for their services to the state.

Mr. Brezhnev had not been seen in public early December when he acted as a pallbearer at the funeral of Marshal Alexander Vasilevsky in Red Square.

A senior Western diplomat said last month he had been told by high ranking Soviet officials that the Soviet President had influenza.

Irish taxation

The Irish Government is expected to abolish capital gains tax when Mr. George Colley, Finance Minister and Deputy Premier, presents his budget to the Dail (Lower House) on February 1, writes Giles Merritt in Dublin. In line with the Fianna Fail Government's pledge to stimulate investor interest in Irish equities, Mr. Colley is understood to be contemplating the ending of capital gains tax and the revision of both capital acquisitions tax and the wealth tax.

Spanish forces bid

The Spanish armed forces yesterday launched a campaign to improve their political image, but coupled it with a veiled reminder that they could intervene if civil authority breaks down, Reuter reports from Madrid.

UN appointment

The French commissioner for economic planning, M. Jean Ripert, has been recruited to the United Nations Secretariat as head of its department of economic and social affairs, writes our UN correspondent. He will succeed M. Gabriel van Laethem, who has served in the post for the past three years and will return to the French foreign service. The job has been in French hands for many years, and this was a principal reason for France's opposition to the establishment of a new, higher office of UN director-general for development and international economic co-operation.

EEC social fund

Britain will receive more than a third of the £252m. contributed to vocational training schemes by the European social fund in 1977, it was announced at the EEC headquarters in Brussels yesterday, reports Reuter. Figures showed that Britain's share of the 600m. units of account approved by the EEC's executive commission would be 208m. U/A (£87m.). The EEC can reimburse half the cost of publicly financed retraining schemes designed to help workers in declining industries.

Italy's unions delay calling general strike

BY OUR OWN CORRESPONDENT ROME, Jan. 5.

ITALY'S THREE big trade union confederations to-night postponed calling a general strike in protest against the minority Christian Democrat Government's economic programme.

After meeting, the union leaders said they would reconsider their position after talks next week with the country's main political parties, including the Christian Democrats. The unions want to see whether their demands—especially for increased job opportunities and new state investments in the South—can be accommodated in a revised economic package.

Whatever the precise motivation of the unions, a general strike would have direct political repercussions, coming at a time when the principal opposition parties, but most notably the Communists and the Socialists, are demanding the establishment of an emergency government. Such a development is, for the moment anyway, being resisted by Sig. Giulio Andreotti's administration, at present kept in office by the tacit support in Parliament of the opposition parties.

The union leaders, even before to-night's meeting, were anxious to dissociate themselves from direct political involvement, suggesting that their plans for a national strike could be averted if the Government showed some willingness to revise its economic policies.

A general strike in Italy has, historically, been used as a direct political weapon. But on this occasion the unions, reflecting the confused mood of the main opposition parties, are reluctant to be seen to be the precise instrument for bringing down the 18-month-old Andreotti administration.

What is evident is that a key role rests with the Communist Party, whose central committee is scheduled to meet within the next 10 days.

It is virtually automatic that a withdrawal of PCI backing from the Andreotti Government would result in a new political crisis.

Reuter adds: Latest estimates indicate the Italian economy will be able to expand by 2-3 per cent. this year without putting pressure on the balance of payments, according to Sig. Andreotti

TAP faces another strike

BY DIANA SMITH LISBON, Jan. 5.

PORTUGAL'S NATIONAL airline, TAP faces its second strike by pilots and flight staff in less than two weeks to-morrow.

The last, eight-day strike, which ended on December 30 1977 is estimated to have lost TAP between \$3m. and \$5m. Its 24-aircraft fleet was grounded by the refusal of 1,300 pilots and flight staff to work over the Christmas period.

The air crews' unions had demanded wage and fringe benefit increases which would have cost the airline an extra \$12.5m. a year. Management refused to accept the claim and made a counter-offer which would bring the total additional annual wage bill to \$6,250,000.

This sum, the unions said, was "an insult" and they began an indefinite stoppage on December 22. The strike was lifted after eight days when management and unions apparently agreed to a compromise.

However, when formal negotiations began this week, it transpired that the revised sum offered by management fell short of the amount required to cover all individual pay rises. Management announced that pursers and stewards would have to accept about \$50 a month less.

Norway fisheries support agreed

BY FAY GJESTER OSLO, Jan. 5.

THE NORWEGIAN Government and the Fishermen's Association reached a compromise late yesterday on the main outlines of a support agreement for this year's fisheries, after unusually tough and prolonged negotiations.

On the Association's advice, Norway's 30,000 fishermen temporarily suspended fishing just before the new year and had threatened to stay on strike until a satisfactory deal was concluded.

Under the deal, the Government will provide Kr.430m. (£43m.) in loans and subsidies and a further Kr.19m. in tax concesssions. This is considerably less than the Association's original demand, but much more than the Kr.300m. which the Government offered when bargaining began, nearly two months' ago.

St. Stephen's Crown: return of a powerful symbol of Hungarian nationalism

BY PAUL LENDVAI IN BUDAPEST

ALMOST exactly 977 years after Hungary's first king, Stephen I, was crowned on Christmas Day of AD 1000 the country's ancient crown and crown jewels will to-day be handed over to Hungary at an official ceremony having been in U.S. custody since the end of the World War II. The large American delegation at the colourful ceremonies will be headed by Mr. Cyrus Vance, the Secretary of State, and they will be covered by hundreds of journalists from all over the world.

At first glance it may seem odd that the Government of a one-party Communist state, guided by Marxist-Leninism, and firmly embeded in the Soviet-dominated Warsaw Pact, should organise large-scale festivities to celebrate the return of the mystic symbol of old Hungary. Yet the regime has been pressing for years for the return of what is generally known as the Holy Crown of St. Stephen.

It is not the artistic value or the gold content that gives the crown its great emotional and political significance. Experts no longer accept the national legend which has it that the crown is identical with that given by Pope Sylvester II in AD 1000. The lower part, the so-called "Greek Crown," was in fact presented some 70 years later by the Byzantine Emperor Michael Dukas VII to King Geza. It is thought that the two completely different parts were joined towards the end of the 12th century.

Almost everything connected with the crown is a bit of a mystery. An article in a recent issue of Nepszabadsag, the Budapest party paper, admitted that many questions remain open: Why and when were the two parts of the crown joined? Why are the enamel inlays depicting Christ and the Apostles not complete? Why was the joining of the two parts done so hastily and poorly? Why is the cross on the top of the crown bent?

Rarely has a crown been through so many vicissitudes: seized by rival claimants to the throne or by foreign rulers, moved to Prague and Vienna, Bratislava (now capital of Slovakia) and Linz in Austria, it was even pawned by the widow of King Albert in the mid-fifteenth century for a mere 2,500 Hungarian guldens to Emperor Frederick IV, to be redeemed 24 years later by King Matthias. After the crushing of the Hungarian revolution in 1848-49 by the armies of the Emperor Francis Joseph and Czar Nicholas I, the heavy metal chest containing the coronation regalia was buried by the revolutionaries and found only after four years of search by the Austrians.

Almost 100 years later, in the closing days of World War II, the crown, the royal sceptre, the orb, the coronation sword and the coronation robe were taken to Austria by Colonel Pajtas, commander of the crown guards, and 12 of his soldiers on March 27, 1945. The crown and coronation jewels were buried at Mattsee in Austria.

Through a curious coincidence, the Hungarian group still carrying the chest with the coronation sword was taken prisoner by a certain Lieutenant Greenwald, of the U.S. army, the son of the owner of a women's clothing store on the fashionable Vaci Street in Budapest. The priceless relics were dug up and removed later to Fort Knox.

It may be difficult for foreigners to understand the peculiar hold of the Holy Crown on the imagination of succeeding generations of Hungarians. The legal expert Stephen Verboeczi, formulated in the 16th century the mystic doctrine that the true "political being" of Hungary, and hence constitutional power, resided in the Crown itself. Up to the end of World War II Hungarian constitutional law was guided by this theory, the only change being that by then not only the nobles but all Hungarians were regarded as members of the mystic body of the Holy Crown.

The theory of the Holy Crown and the ideals of the crownlands of St. Stephen also provided a basis for aggressive Hungarian nationalism, for the belief in the intrinsic superiority of the Hungarians in the Danube basin.

The break-up of the Austro-Hungarian monarchy also meant the dismemberment of the crownlands of St. Stephen and the Treaty of Trianon of June 1919, was according to Prof. Charles Macartney, the noted authority on the monarchy, the "death certificate" of historic Hungary. Over two-thirds of the land and of the population became part of the successor states other than Hungary. It was then the turn of one in three Hungarians to live, and sometimes suffer, under foreign rule.

This is the reason why the return of the Crown of St. Stephen, the symbol of a unique past and a great destiny for the Hungarians, is an event with repercussions going beyond the framework of Hungarian-U.S. relations or Hungarian internal politics. More than 3m. Hungarians live in the three neighbouring communist countries: Romania, Czechoslovakia and Yugoslavia.

They and millions of first or second generation Hungarians in the West also regard the Crown as the Holy Symbol of Magyar nationhood. There is no doubt that the decision of President Carter to return the Crown to the "Hungarian people" on condition that it is placed on permanent public display is a major prestige success for the Communist government of Mr. Janos Kadar.

Massed bands, television cameras and officials from both countries were on hand last night to greet th ereturn at Budapest airport of St. Stephen's Crown from the United States, Reuter reports. The Crown was honoured with a military march-past before being whisked to the Hungarian Parliament in a motorcade flanked by motorcycle outriders. The official handing-over ceremony will take place to-day.

AMERICAN NEWS

Brazil economy improves as trade deficit vanishes

BY SUE BRANFORD

SAO PAULO, Jan. 5.

HE BRAZILIAN gross national roduct grew by 5-6 per cent. 1 1977, and inflation was kept own to 39 per cent., a marked nprovement on the rate of 46 er cent. in 1976.

These results were called satisfactory" by Sr. Angelo almon de Sa, the Minister of adustry and Commerce, who aid that the Government will ontinue to combat the priority roblems of inflation and the alance of payments in 1978. He dded that the Government xpects to be equally successful his year in its fight against in ation by bringing it down to 5-30 per cent.

For the first time since 1970, he country had a surplus in its rade balance last year, although he final figures have not yet een published. This surplus vas estimated at about $120m. y Sr. Mario Henrique Simonsen, the Finance Minister. Exports were worth about $12bn., with imports at about $11.9bn. Coffee ($2.7bn.) and soya ($2.2bn.) accounted for 40 per cent. of export earnings.

The export sector with the largest increase was that of manufactured goods, the value of which increased by a third to reach about $3.78bn. Partly because of the protectionist measures adopted by many industrialised countries, most of the rise was accounted for by additional sales to the Middle East and Africa. The motor industry was particularly successful, with exports estimated at $750m.

Due to stiff import controls, Brazil has managed to hold its imports steady over the last four years, at between $12bn and $12.6bn. Meanwhile, exports have been growing steadily, at about 15 per cent. per annum.

The servicing of the Brazilian foreign debt, now put at $29.5bn., is an increasingly heavy burden. Last year amortisation and interest payments totalled $5.6bn., which was 18 per cent. up on the 1976 figure.

According to Sr. Joao Paulo dos Reis Velloso, the Planning Minister, debt service payments will increase to $6.8bn., in 1978. However, Sr. Marco Viana, president of the BND (National Economic Development Bank), estimated a larger rise to $8bn. In 1974, debt costs were equivalent to 31 per cent. of export earnings. By last year, the figure was up to 47 per cent.

Despite this increase, the overall deficit on the Brazilian current account fell sharply from $6.2bn. in 1976 to an estimated $3.9bn. This was achieved through the elimination of the trade deficit and through an increase in foreign investment.

U.S. Christmas spending spree

BY OUR OWN CORRESPONDENT

NEW YORK, Jan. 5.

HE U.S. consumer went on a pending spree over Christmas which has continued into the New Year, according to reports rom some of the largest retail hains across the country.

This morning, Montgomery Ward, the retail store group wned by Mobil, said that in the ive weeks up to December 31 its sales increased by 18.3 per ent. to $705.8m. Its sales revenues increased by 13.4 per ent. to $4.3bn. over the previous 8-week period.

The company said that strong ncreases were registered across he country. Toy sales and gold ewellery sales were particularly good, the company claimed.

The second largest U.S. retailer, J. C. Penney, which has almost 2,000 retail outlets, also reported extremely strong December selling with sales revenue up by 22 per cent., according to a company spokesman. This was the best monthly sales gain for 40 years said the spokesman.

Share analysts expect Penney's sales revenues to top $9bn. in the current fiscal year.

At Sears Roebuck, the nation's largest retail stores group, sales in the five-week Christmas period rose by 21.3 per cent., a company record. A spokesman said the performane was better than expected.

Some store retail executives have suggested a 4m. increase in the numbers employed last year has helped to boost sales though unemployment remains heavy.

The strong showing of retail sales is leading analysts to upgrade their profits forecasts for some store groups and encouraging economists to conclude that the consumer confidence will help the U.S. economy in the early months of the New Year.

But in the background there are questions about how broadly-based consumer confidence is.

Over the past six weeks, there has been clear evidence of weakening car sales and some analysts believe this weakness will persist.

FDA wants hair dye warning

BY DAVID BELL

WASHINGTON, Jan. 5.

THE U.S. Food and Drug Administration (FDA) has proposed that many permanent hair dyes should henceforth carry a warning on their labels that they contain a chemical that has caused cancer in laboratory experiments in animals.

The FDA, which has recently announced a more stringent policy towards possible carcinogens, an approach which is paralleled in the activities of other Federal agencies. The new proposal, which will come into effect after comments have been received on it, concerns a chemical called 4-methoxy-m-phenylenediamine. It has been found to cause skin, lymph and thyroid cancers when fed to mice and rats.

This particular substance is used in many black, brown and blonde hair dyes, and the FDA proposals would force manufacturers to print on the label a warning as follows: "Contains an ingredient that can penetrate your skin and has been determined to cause cancer in laboratory animals."

A spokesman for Alberto-Culver was quoted this morning as saying that the company was not surprised by the proposal, but he noted that "for about 30 years hundreds of thousands, if not millions, of women have been using hair dyes with this ingredient and certainly no evidence of ill effects has come to our knowledge."

Other industry sources said the FDA ruling, like so many others dealing with carcinogenic agents, fails to take into account the fact that the laboratory animals only developed cancer after being fed large quantities of the substance. By contrast, the industry said, there was no evidence that merely painting the skin of these animals led to cancer.

But Mr. Donald Kennedy, the FDA commissioner, said that the tests done in laboratories did show that the chemical can cause cancer and that it can enter the bloodstream through the human scalp. It was therefore important that the agency at least warn users that the chemical could be dangerous.

The debate about dosage levels and about the validity of cancer tests using animals will come to a head later this year when the Occupational Safety and Health Administration holds public hearings on a proposed streamlining of action against possible carcinogens in the workplace.

Senator rejects Panama treaty

PANAMA CITY, Jan. 5.

THE REPUBLICAN minority leader in the U.S. Senate, Sen. Howard Baker, saying that he cannot support the Panama Canal treaty as written, predicted here that the Senate will reject the pact unless revisions are made.

However, Sen. Baker said that the pact could win not only his vote, but enough bi-partisan support for approval, if "understandings" were made to clarify certain provisions on the future defence of the Canal.

He outlined his position before making a day-long tour of Panama with Gen. Omar Torrijos, the Panamanian leader, who invited him here as part of a personal effort to win Congressional backing for the treaty.

AP-DJ

NEW YORK'S NEW DAILY PAPER

Against the times

BY STEWART FLEMING IN NEW YORK

ON MONDAY of next week last minute law suits permitting another group of intrepid investors unable to resist the allure of New York will publish a new morning newspaper in the city called the Trib.

Just a year ago it was newspaper baron Mr. Rupert Murdoch who staked $30m. on his ability to turn the losses of the city's afternoon daily The New York Post into profits.

The jury is still out on Mr. Murdoch's venture. Post executives are eager enough to say that the project is on schedule and to point to recent increases in advertising rates and the increasing circulation. It has gone from under 500,000 to some 627,000 as signs of the project's progress. But they become coy when asked to discuss profits and admit that about 100,000 of the circulation increase came from purchasing the subscription lists of a failed local newspaper in the borough of Queens.

Neither this, nor the earlier failure of oil man Mr. John Saheen to get the proposed New York Press past the starting line have dissuaded Mr. Leonard Saffir, former journalist and political agent (47), and 16 financial backers from sinking perhaps as much as $10m. into the new venture.

Its title, the Trib, consciously harks back to the glories of the world-renowned Herald Tribune which provided real opposition to the New York Times until it folded in 1967. Mr. Saffir says he is hoping to challenge what he calls the "arrogant" and "unhealthy" power of the city's leading newspaper.

What Mr. Murdoch and now Mr. Saffir and his backers are aiming to do is to turn the tide of recent U.S. newspaper history. Newspaper readership has been declining steadily in the U.S. in recent years and that decline has been most marked in big cities. Since 1963, New York has lost four newspapers including the Herald Tribune. But whereas Mr. Murdoch is seeking to reverse the trend through building up a big circulation paper playing what Mr. Saffir calls "the numbers game," the new Trib sees itself playing a specialist role.

Another contrast is that Mr. Murdoch has been emphasising the importance of news in the Post whereas the Trib will take more of a news magazine format with more syndicated columns and features.

The Trib seems to have grown out of at least two clearly defined concepts but it is difficult to say which is the dominant one. Commercial thinking says there is a market for a morning paper with a more simple tabloid form and less rarified intellectual content than the New York

Despite a decline in newspaper readership in the U.S., the backers of the latest New York daily the Trib hope to carve out a profitable niche for themselves in the upper end of the market.

Times but nevertheless appealing to "professional classes." The blue-collar market is swamped by the tabloid Daily News which is the biggest selling U.S. newspaper with a 2m. circulation. Mr. Saffir says the Trib will break even with a daily circulation of around 200,000—one quarter of the New York Times daily sale.

This low break-even point, indeed the paper's very existence, reflects the advantages of new newspaper technology. The Trib will rely heavily on computer typesetting and offset printing and on news agency copy rather than its own editorial staff of 70 to fill each issue.

It will not, however, have its own printing presses but will become only the second large U.S. daily to rely on contract printers. All of these factors reduce expense and mean that the paper can survive without a big circulation or exhorbitant advertising rates.

The other reason for the Trib's birth is ideological. Mr. Saffir was a political associate of former conservative New York Senator James Buckley. Mr. Saffir speaks with feeling about the New York Times' contempt for conservatism. Clearly the Trib will seek to offset this bias. But this was not the case, it seems, until late last year when it is said that one of the backers, former U.S. Treasury Secretary, Mr. William Simon sought to make the Trib a more politically committed paper than Mr. Saffir wished. He was asked to drop out and did.

In spite of the risks, some of the Trib's competitors, including it is said, Mr. Murdoch, are said to think that the paper can carve out a commercial niche for itself. Mr. Saffir himself boasts that already up-market New York retail groups like Bloomingdales, Saks, Fifth Avenue and Lord and Taylor, have booked advertising space in the first issues. But questions remain. When the hyperbole of the paper's promotional campaign is removed, will the product really be new and different enough to catch on? Another question is whether or not its cash resources will last long enough to keep it going and establish itself.

Even if it does survive, it will have a long way to go before it can hope to command respect, and hope to influence New Yorkers. It does not have, as a new venture, the head start which Mr. Murdoch's Post has been able to build on and its writers and top editorial executives have yet to prove their talent on the new paper.

A daily small circulation news magazine relying heavily on news agency copy and syndicated columnists will be hard pressed to develop a strong, distinct image. Indeed, some who know the New York newspaper market suggest that it will only survive commercially by being bland, rather than influential. The more optimistic view is that just as Mr. Murdoch's intervention in New York stirred up the newspaper industry, another competitor will stimulate interest in newspapers and news and that is all to the good.

Gen. Joao Baptista de Figueiredo

Reluctant nominee from the barracks

By David White

RIO DE JANEIRO, Jan. 5.

AFTER A painful time in labour, and prematurely, the Brazilian military regime has presented the country with a Presidential heir.

Gen. Joao Baptista de Figueiredo, chief of intelligence under President Ernesto Geisel, has been given 15 months' notice to prepare to take the job of Head of State. He is reported to have said that, if he had had any choice, he would have refused. His candidacy is due to be approved by federal and state legislators in a joint electoral college in October—a ritual endorsement of the military's choice. In March next year, he will take over a difficult mission of political reconciliation, aiming to establish more stable political rules and reduce the exposure of the senior military hierarchy as the authoritarian arbiters of the fate of Brazil.

The selection of Gen. Figueiredo, who is closely aligned with Gen. Geisel, has not been easy. The emergence of him as favourite for the succession provoked a rival campaign by the extreme Right, whose candidate, the Army Minister, Gen. Sylvio Frota, was dramatically sacked by the president in October.

The fact that dissensions remain was underlined on Wednesday when another senior member of the government, Gen. Hugo Abreu, resigned after showing himself lukewarm about the candidate Gen. Abreu, chief of the president's military household, was the man who acted as liaison between the president and the senior army officers.

Gen. Figueiredo has at least one thing in common with his three predecessors—he is virtually unknown to most Brazilians. He has no public image, no apparent charisma, and few declared opinions.

A man of conservative tastes, Gen. Figueiredo seems hardly to fit the role of a liberal. He will be 60 on January 15. He has been deeply involved in the apparatus of military government—as a lieutenant-colonel, an active participant in the 1964 military coup against the civilian Goulart government; as chief military aide to the presidency in 1969; and now chief of SNI, the intelligence network set up by the Army after the coup.

Brought up in a military family—two of his brothers are also generals—Gen. Figueiredo is a cavalry officer. His pastimes are early morning rides and solving mathematical riddles. Despite a brilliant career in military school, he is not known as an intellectual.

His father, Gen. Euclides Figueiredo, was a more public and colourful figure, an outspoken defender of constitutional principles who suffered for being so during the Vargas dictatorship of the 1930s. The son is also, by reputation, committed to the kind of moderate principles espoused, although not always successfully pursued, by President Geisel.

Sr. Aureliano Chaves, governor of the State of Minas Gerais, has been nominated to be vice-president.

He is another close ally of Gen. Geisel and a good administrator. The choice is clearly aimed at absorbing the pressure for civilian leadership, which has come from business and intellectual circles, as well as satisfying regional claims for power. Gen. Figueiredo hails from Rio de Janeiro, which is not a traditional source of presidents, unlike Sao Paulo, Minas Gerais and, particularly since the military take-over, Rio Grande de Sul.

Political prisoners

The most important developments during the six-year presidential term are likely to be in the political field, where the regime is already committed to setting up a new constitutional framework, lifting or modifying its most repressive laws, permitting the establishment of new parties and reinforcing the role of Congress. A partial amnesty for political prisoners and people deprived of their civil rights is also considered possible, although moves such as freeing union activity, or legalising the Communist Party, are beyond the scope of the Government's plans.

The big question is whether Gen. Figueiredo has the authority, which Gen. Geisel has shown, to be able to force changes against the more reactionary elements among his fellow officers.

Gen. Geisel seems determined to set the stage before he hands over, elaborating a new constitution and disbanding the current two-party system in Congress, once congressional elections in November are over.

The events of this year will determine how great the prospects for change under Gen. Figueiredo are. The backing of the army as a whole for Gen. Geisel's approach has yet to be tested. Also, it remains to be seen as to whether it can satisfy the growing public dissatisfaction with the current style of Government.

OVERSEAS NEWS

IAN SMITH'S BID FOR AN INTERNAL SETTLEMENT

Agreement in sight says Salisbury

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

SALISBURY, Jan. 5.

THE RHODESIAN Government believes that a compromise will soon be found to reconcile the remaining issue of principle between the white and black delegations involved here in the internal settlement talks.

Such a compromise, according to a senior Government source, would pave the way to a rapid formation of a broad-based multi-racial Government which would then draw up a constitution and prepare for elections leading to the installation of a majority Government.

According to the source, the Rhodesian Government does not see the 12th session of the talks, due to-morrow, as a "make-or-break" meeting, despite the deadlock in the last six sessions over the issue of white representation in an independent Zimbabwean Parliament.

The Rhodesian Government has consistently maintained that white voters should elect a third of the total number of MPs, who would have the power to block key constitutional legislation.

The two major black delegations, led by Bishop Muzorewa an dthe Rev. Ndabaningi Sithole, have accepted the principle of white blocking votes but have insisted that white MPs should be no more than a fifth of the total.

However, despite warnings in previous sessions from both Mr. Smith, the Rhodesian Prime Minister and Bishop Muzorewa that the talks should be broken off if their respective positions on this issue were not conceded by the other side, the Government source said to-day that some so far unspecified formula would be worked out which would involve compromise on both sides.

Behind this conciliatory attitude, which seems to be shared by the black leaders, is the apparent calculation that the current talks are the last chance that any of their participants will have of concluding a settlement which will be favourable to the interests they represent.

Both sides, in other words, believe that if they do not settle now, they are in danger of ultimately being swept away by a Government which would be formed by the parties outside Rhodesia now representing the guerillas.

Although the Government source acknowledged that there could still be delays in the talks, the Government's plan is to get an overall agreement in principle as soon as possible.

Already the nationalist leaders have agreed in principle to seven of the eight safeguards Mr. Smith has demanded for whites, which range from a justiciable bill of rights which would cover expropriation of property to the guarantee of pensions and provision for dual citizenship.

It is hoped that once the eight-point, white representation, is agreed, a broad based government including all three black leaders would be formed, with 50-50 white-black membership and Mr. Smith continuing as Prime Minister until elections are held.

The Government sees this interim administration as an essential step in effort to get international recognition for the internal settlement. As part of that effort, it would be prepared to invite some nationalist leaders now outside the country to participate in elections, as well as to release some nationalist detainees held here.

There are, however, clearly limits to how far the Government is prepared to go. According to the source, Mr. Joshua Nkomo, the joint leader of the Patriotic Front, would be welcome to return "provided he renounced terrorism," but the return of his colleague Mr. Robert Mugabe would not be "contemplated."

The source said that he believed there was a "fair chance" that Mr. Nkomo would return, and he believed this would be backed by Dr. Kaunda, the Zambian President.

The Government source acknowledged that although there might be a reduction in the war following a purely internal settlement, international recognition was vital.

It is accepted by the Government that this could be more easily achieved if Mr. Nkomo participated.

The Government is prepared to invite a neutral observer force—if necessary from the United Nations—to oversee the proposed elections.

Overall, the Government seems to be reckoning on a settlement with the internal leaders having a snowball effect on international opinion.

Although it is cautious about predicting a timetable, economic considerations alone are held to dictate the necessity for a handover to black rule this year.

LORD CARVER, the British commissioner-designate for Rhodesia, arrives in Mozambique to-day hoping to find a way of solving the deadlock in the Anglo-American settlement initiative for Rhodesia, writes Martin Dickson. Although Whitehall insists that the main purpose of his trip is to discuss the initiative with President Machel of Mozambique, Lord Carver is planning discussions with some of the other parties in the Rhodesia issue.

After spending the weekend in Mozambique, he is to see Mr. Pik Botha, the South African Foreign Minister, on Monday and might stop elsewhere in black Africa on his way back to London next week.

Declaration of principles on Mideast expected

CAIRO, Jan. 5.

PRESIDENTS CARTER and Anwar Sadat have agreed that their two countries and Israel will concentrate on issuing a "declaration of principles" for a Middle East peace settlement at a meeting in Jerusalem in mid-January, the mass circulation newspaper Al-Akhbar said to-day.

Al-Akhbar's report was written by its editor, Mr. Moussa Sabri, one of a small group of journalists briefed by the Egyptian leader after his meeting with Mr. Carter at Aswan yesterday.

Al-Akhbar added that once the declaration of principles is issued, Jordanian Prime Minister Modar Badran, who is also Foreign Minister, would join the Jerusalem talks.

Mr. Cyrus Vance, U.S. Secretary of State, Mr. Moshe Dayan, Israeli Foreign Minister, and Mr. Mohammed Ibrahim Kamel, Egyptian Foreign Minister, meet in Jerusalem on January 15.

Reuter

Ramiri G. Khouri reports from Amman: King Hussein told his Cabinet on Wednesday that he and Mr. Carter had reached "an understanding on means of future co-operation" regarding steps towards a Middle East peace agreement.

In his first statement on the matter since his return, King Hussein reiterated that Jordan "sees no positive aspects" in the proposals of Mr. Begin, for home rule in the West Bank and Gaza Strip.

Israel to build new settlements in Sinai

BY DAVID LENNON

TEL AVIV, Jan. 5.

ISRAEL IS planning to build new settlements in North Sinai, even though it appears tentatively to have been agreed that this area will be returned to Egypt under a peace agreement.

The Government has kept secret its settlement plans for this reason. But from the few facts which have emerged it appears that the immediate programme is for the creation of between three and 11 new Jewish settlements in the area between Rafiah at the southern end of the Gaza Strip and El Arish on the North Sinai coast.

Three new settlements are also planned on the occupied West Bank by the middle of January and the Government is reported to be considering further settlements there.

A dispute arose in the Cabinet on Tuesday when it was told the Ministerial committee on settlements had approved plans for three new settlements beside Rafiah. The Democratic Movement for Change, which opposed the decision, wanted it brought before the Knesset's foreign affairs and defence committee for a final ruling.

However, it is unclear whether this will be done, or whether the Government will quietly press ahead with the implementation of the committee's decision.

Yesterday it was reported that work was started on preparing the ground for the creation of eight settlements between El Arish and the new Israeli town of Yamit, just west of Rafiah. Officials were unwilling to confirm what the Government's intention is, apart from saying that Israel will continue with its development plans for the region as long as there is no peace agreement with Egypt.

These officials were unable to resolve the contradiction between the Government's declared desire for peace and its decision to proceed with new settlements in the occupied territory. The Cabinet on Tuesday also heard a report of plans to increase the population of existing Jewish settlements in northern Sinai.

The sale started yesterday of 125 plots for the construction of private homes in Yamit. Five plots were sold on the first day and dozens of inquiries were handled by the Israel Land Authority

The ministerial settlements committee has also approved the creation of three new settlements on the West Bank. These are due to be set up within 10 days by members of the extremist Gush Emunim group. These are the last in a series of a dozen Gush villages approved by Mr. Menahem Begin's Government in the past four months. All are being set up as the Government comes under increasing pressure from Right-wing groups who fear that its peace plan may halt Jewish settlements in the occupied territories.

Ethiopian surprise at Shah 'attack' warning

By James Buxton

ETHIOPIA HAS reacted sharply to the Shah's statement that Iran would not stand idly by if Ethiopia attacked Somalia. Addis Ababa radio has quoted the Ministry of Foreign Affairs as expressing surprise and astonishment at what it said was a misdirected accusation.

Somalia, which Ethiopia claims has violated its territory by invading the Somali-populated Ogaden region, is the aggressor, the broadcast said.

The Shah, who made the statement after last week's visit to Tehran by President Carter, is known to be increasingly concerned at the possibility of Ethiopian forces, now heavily reinforced with Soviet equipment, launching an attack on Somalia as a means of recovering the Ogaden. He is understood to have pressed Mr. Carter to give direct assistance to Somalia, if efforts to reconcile Ethiopia and Somalia fail.

According to diplomatic sources, the U.S. President was also asked to revise U.S. policy on the Horn of Africa by both Saudi Arabia and Egypt, whose leaders he saw this week.

Since fighting in the Ogaden escalated in July last year, the U.S. has maintained a policy of not giving military assistance to either side. America went back on an earlier commitment to provide defensive weapons to Somalia because it is committed to the principle of maintaining the integrity of African borders, which it believed was threatened by Somalia, which wants the Ogaden to cease being part of Ethiopia.

Though Somali forces hold almost all the Ogaden, there are indications that Ethiopian troops are going onto the offensive and Somalia has expressed fears that Ethiopia is planning an invasion of Somalia itself. These fears have been echoed by Iran and the conservative Arab States.

They are understood to believe that an invasion, implying the collapse of Somali President Siad Barre's policy on the Ogaden, could lead to the fall of his Government. If it were to be replaced by a more left-wing regime their recent policy of wooing Somalia away from the Soviet Union, apparently crowned with success when President Siad evicted the Russians last November, would have come to nothing.

A U.S. official said that President Carter and the Shah had a "very substantial identity of views" on the situation in the Horn of Africa. There is speculation that the U.S. could allow Iran and Saudi Arabia to transfer to Somalia equipment obtained from America.

However against the U.S. desire to assist the Arab States, and restrict the Soviet presence in Africa and at the entrance to the Red Sea, must be set the fact that it does not wish to antagonise Ethiopia, its erstwhile ally, which is a far larger and potentially richer country than Somalia. It is also by no means certain that Ethiopia is yet in a position to mount a decisive offensive against Somalia.

Education plea from Soweto

By Our Own Correspondent

JOHANNESBURG, Jan. 5.

A DELEGATION of Soweto residents and teachers, who met the Minister of Bantu Administration, Mr. M. C. Botha to-day, has failed to persuade the South African Government to make any fundamental changes in its education policies for blacks.

Commenting after the meeting, Mr. R. L. Pheteni, president of the African Teachers' Association of South Africa, said that his members would be disappointed with the outcome of the interview.

The body is seeking to have black education placed under the Department of National Education, which is responsible for white schooling, and a more equitable allocation of funds for education among the different race groups.

A minor concession was the Minister's promise to consider dropping the ethnic division of the three black universities. In a statement, Mr. Botha said that his department was also moving in the direction of making standard 10 the minimum qualification for black teachers, and narowing the pay gap between white and black teachers.

Botha warns 'few further concessions on Namibia'

BY BERNARD SIMON

JOHANNESBURG, Jan. 5.

MR. PIK BOTHA, the South African Minister of Foreign Affairs, last night warned that negotiations with the five Western powers on the future of Namibia were nearing the end of the road, and that the five could expect few further concessions from the South African Government or political leaders in the territory.

Mr. Botha was speaking in advance of a new round of talks between South Africa and the five Western members of the UN Security Council, scheduled to take place in New York on January 17.

It is believed these talks will be crucial for the future of the five power initiative for an internationally acceptable Namibian solution, which has so far failed to bridge the gulf between South Africa and Swapo, the Namibian nationalist movement.

"There is not much more left that can be talked about," Mr. Botha said. He could not see that South Africa, which has made considerable concessions in the face of Western pressure, "can still do much more. Then we will courageously and honestly have to say to the five Western powers: this is where we have come, there we stand and how we are going ahead on the basis of decisions already made and norms agreed upon."

Cambodia warns enemies

BY OUR FOREIGN STAFF

CAMBODIA yesterday marked the second anniversary of its birth as the Communist State of Kampuchea with a declaration that it would defend itself "against all enemies including the aggressive Vietnamese troops."

But a Phnom Penh radio broadcast monitored in Bangkok made no mention of fighting between the two countries along their southern border.

At the same time, reports from Singapore indicated that Wednesday's statement from Mr. Pham Van Dong, the Vietnamese Premier, that his country was acting in self-defence, was being construed as an indication that Hanoi's intentions were to put a stop to Cambodian incursions by a limited military operation.

However reports quoting Thai intelligence sources yesterday tentatively suggested Vietnamese troops had advanced to within 35 miles of Phnom Penh. These support reports that the Parrot's BeBakB region is under Vietnamese control.

Japan and Russia to discuss peace treaty

BY CHARLES SMITH

TOKYO, Jan. 5.

RELATIONS BETWEEN Japan and the Soviet Union will pass an important watershed next week when Mr. Sunao Sonoda, Japan's new Foreign Minister, visits Moscow for talks with his Soviet opposite number, Mr. Andrei Gromyko.

The main item on the official agenda is the proposed Japan-Soviet peace treaty, pending since the end of World War II, but held up by divisions between the two sides on territorial issues.

Not on the official agenda, but of more immediate practical importance, is the question of Moscow's attitude to the signing of a treaty of peace and friendship between Japan and China which appears imminent.

The Russians have continuously claimed that the Japan-China treaty, whose contents will include an "anti-hegemony clause," condemning efforts by third countries to exercise hegemony in Asia, is directed against themselves.

Japan's official response is that the treaty negotiations are a purely bilateral matter between itself and China.

Mr. Sonoda will say this to Mr. Gromyko next week when the issue is raised by the Russians, as it undoubtedly will be.

Japan seems to be working on the asumption that, while the Soviet reaction may be unpleasant, it is not likely to be serious enough to warrant abandoning the treaty talks with China.

These are apparently in a state of suspense but the Government has been hinting since early December that they are about to be resumed for what will hopefully be their conclusive phase.

The conclusion of a peace treaty between Japan and Russia hangs, as far as Japan is concerned, on the settlement of Japan's "northern territories" claim against the Soviet Union.

This relates to four island groups off the northern coast of Hokkaido which were occupied by the Soviet Union at the end of World War II. Japan has raised the issue at every opportunity for the past 20 years or so but has never yet extracted a commitment from Moscow even to start negotiations on its claim.

The most that has been achieved in this direction was the inclusion of a phrase in a joint communique following a visit to Moscow by Prime Minister Tanaka in 1973 to the effect that treaty negotiations between Japan and Russia should include discussions on "unsolved problems pending from World War II."

But the Russians are unlikely to budge on the territorial issue when Mr. Sonoda raises it next week (as the Japanese Foreign Ministry has confirmed he will do). They will probably attempt to interest Japan in the Soviet proposal for an Asian collective security system presided over by Moscow but Japan will reply that such a system would be unacceptable without China.

WORLD TRADE NEWS

U.K. textile industry set a challenge by new quotas

By RHYS DAVID, Textiles Correspondent

FOR EUROPE'S textile industry the end of a long period of lobbying now seems to be at hand; and the perhaps more difficult task is to be undertaken of showing that, if relieved of some of the pressure from continuing imports growth, it can deliver the goods.

As the list of quota restrictions in trade and industry published to-day reveals, textiles (as a result of agreements reached by the EEC with low-cost supplying countries) now operates within a tighter overall framework of controls than any other major industry.

The EEC agreements, now incorporated into a new round of the Multi Fibre Arrangement (MFA), mean that no fewer than 133 products ranging from shirts and trousers to tents and net curtains are now under quota control or could be restricted if the need arises. Around 30 low-cost countries which already are, or potentially could be, major suppliers fall within the net.

The exact quantities which individual suppliers will be able to send to Europe of particular products is still being worked out by a giant computer in Bonn and until these figures are known the industry is suspending its final judgment. The indications are, however, that Europe's textile industry has obtained most of what it asked the negotiators to achieve when the talks began, though inevitably it was necessary to allow rather higher growth rates for some products than was envisaged in the mandate to reach agreement with some suppliers. As far as Britain is concerned, very tight restrictions had been obtained for more than 20 sensitive products representing 75 per cent. of U.K. imports and satisfactory restrictions on effectively all other sensitive products, the Government claims.

This new, much more protectionist approach, aimed at ensuring that the industry is at least given the opportunity to adjust to much more intense international competition, is the result of a major change in attitude both by individual European Governments and, through their influence, by the European Commission.

The textile industry has been making the point for several years that the first round of the MFA, which guaranteed supplying countries a 6 per cent. growth rate where restrictions were introduced, failed to take into account the possibility of a major downturn as happened in 1975-76. Furthermore, the impact of the high growth rates was much more severe in sectors such as shirts, where the penetration was already high, than in other sectors where imports had only a small share.

With unemployment running at very high levels in most European countries, national governments have been more receptive to the industry's argument that as many as 1.5m. jobs in textiles could be at stake if a more restrictive MFA stage two was not negotiated. In Britain and in other European countries where the prospect of a decline in the textile sector, to be replaced by high technology industries, had been regarded with equanimity by successive governments, greater importance is now attached to preservation of as wide an industrial base as possible. The U.K. Government's industrial strategy, instead of concentrating on a narrow band of industries, has included any sector of potential promise. Including several in textiles—partly, as one senior civil servant explained, because Britain is inherently no more likely to be successful in electronics than in clothing.

Under Mr. Edmund Dell, the Trade Department—which in post-war years has fought to open up U.K. markets to the newly industrialising countries—has aligned itself with the Department of Industry in seeking a more stable framework for the textile trade and both departments have received support from the Treasury, alarmed at the £140m.-a-year trade deficit on textiles and clothing which Britain has been recording.

With the other countries taking a similar line, the EEC approached the MFA II talks last year with a tough mandate and it was prepared both to offend low-cost suppliers and resist U.S. pressure to settle quickly, in order to achieve its objectives.

The package which the EEC has pushed through contains as a result a number of key features which extend and strengthen the coverage obtained under MFA I. Products brought under control are now grouped in 133 categories instead of around 60, reducing the flexibility available to suppliers. The categories have been divided into five groups according to sensitivity, and future growth rates will be related strictly to the degree of market penetration which imports have achieved.

Thus in super-sensitive category number one, which includes all products figuring most frequently in demands for import restrictions—cotton yarn and cloth, synthetic cloth, woven and knitted shirts, blouses, jerseys and trousers—the EEC believes it has managed to secure stabilisation of import levels at not much more than existing trade. The growth rate for cotton yarn imports for example will be only 0.3 per cent. per annum for the next five years and some of the dominant suppliers of the products in this category such as Hong Kong, Taiwan and South Korea are being obliged to accept an actual reduction in their exports to enable other low cost suppliers to increase their share. An overall ceiling will be placed on imports of Category I products (which accounted in 1976 for 70 per cent. of low cost imports into the U.K. by weight). To avoid one of the main problems in MFA I—the cumulative build-up of imports as new suppliers emerge.

In Category II—representing a further 18 per cent. of total U.K. low cost imports by weight—the EEC has imposed restrictions on all low-cost suppliers holding more than 1-1.5 per cent. of the market. All other suppliers have had to agree that, if their imports begin to reach this trigger level, quota restrictions will be imposed.

In categories three and four—which consist of less important products where import penetration has yet to become a major disruptive threat—the EEC has secured restrictions on suppliers with more than 5 per cent. of the total market and set a trigger point of around 3-4 per cent. for other suppliers. The trigger mechanism will also apply in the final category which consists of products where existing trade is low—items such as elastic trimmings, pneumatic mattresses, and theatrical scenery.

In the most sensitive categories there will be special quota arrangements where importers have achieved a very high degree of penetration in individual member States but are not causing disruption on a Community wide basis. The burden-sharing formula drawn up at the time of MFA I under which an attempt is made to share out imports between member States where they fall more heavily on some members than others, will also be applied again.

The system, to work properly, will depend very largely on the efficiency of the EEC's information about import levels and this, together with some uncertainty over the way in which Mediterranean associates and the Lome countries will be treated, is the main area of concern for the U.K. textile industry. The U.K. has been operating for some time a system of automatic licensing of all textile goods for surveillance purposes, enabling a comprehensive picture to be built up in advance of likely import levels, but no such system exists elsewhere in Europe. The Commission is expected to try and bring in a common system of surveillance, but this is likely to take some months.

Providing this is achieved Europe's textile industry should be able to plan ahead with the assurance of much more stable market conditions than it has enjoyed for the past five years at least, and for much longer in the case of some products. To bring this about however the EEC has had to use a lot of muscle, pushing aside in some cases the interests of other smaller countries. GATT rules have had to be severely bent in order to impose much lower growth rates on some of the dominant suppliers, a mov[e] which could have unseen reper[cussions] on world trade. Con[sumers] in European countrie[s] too are having to accept reduce[d] access to supplies of cheap te[x]tile and clothing product[s] albeit in order to save jobs. Al[l] this places a strong onus o[n] the textile industry to show tha[t] against a background of muc[h] more stable trading condition[s] it can go on improving produc[tivity] and can ensure [a] continuing flow of reasonabl[y] priced, attractively designed good quality merchandise.

WHERE THE CHIEF RESTRICTIONS WILL FALL

(By most sensitive products and countries of origin)

Country of origin	Products subjected to quota
DOMINANT COUNTRIES:	
Hong Kong	1 2 3 4a 4b 5 6 7 8 9 10 11 12 13 14a 14b 15a 15b 16 17 18 19 20 21 22 24 25 26 27 28 29 30a 30b 31
India	1 2 4a 4b 7 8 9 15b 19 20 26 27 29 30b
Korea	1 2 3 4a 4b 5 6 7 8 9 10 11 12 14a 15b 16 17 18 19 21 22 24 25 27 28 29 30a 30b 31
Taiwan	2 3 4a 4b 5 6 7 8 10 11 12 13 14a 14b 15a 16 17 18 19 20 21 22 23 24 25 26 27 28 30a 31
Brazil	1 2 4a 4b 6 9 13 20 24 25 30b 31
OTHER COUNTRIES:	
Yugoslavia	1 2 3 4a 4b 5 6 7 8 9 12 15b 16 18 24 25 30a
Pakistan	1 2 4a 4b 5 7 8 9 24
Thailand	2 3 4a 4b 5 6 7 8 11 22
Macao	4a 4b 5 6 7 8 13 15a 16 17 18 19 20 21 22 24 25 26 27 30a 30b
Malaysia	2 3 4a 4b 5 6 7 8 19 22 25
Colombia	1 2 3
Singapore	2 3 4a 4b 5 6 7 8 14b 18 21 22 24 25 27 29 30a
Mexico	1 2
Philippines	4a 4b 5 7 11 15b 25 26 31
Argentina	1
Egypt	1 2
Sri Lanka	4a 4b 6 7 8
STATE TRADING COUNTRIES:	
Romania	1 2 3 4a 4b 5 6 7 8 12 13 15a 15b 16 17 18 20 22 23 25 26
Hungary	2 3 4a 4b 5 6 7 8 9 12 13 15b 16 17 19 21 24 25 30a
Poland	2 3 4a 4b 5 6 8 9 12 13 14b 15a 15b 16 20 23 24 25 26

KEY TO PRODUCTS

CATEGORY I SENSITIVITY—Growth limited to 0.5-4 per cent. depending on product. 1 cotton yarn; 2 cotton fabric; 3 MMF fabric; 4a knitted T-shirts; 4b knitted shirts; 5 knitted jerseys; 6 men's and women's woven trousers; 7 women's blouses; 8 men's shirts.

CATEGORY II SENSITIVITY—Growth limited to 6-9 per cent. depending on product. 9 terry towelling; 10 gloves, plastic coated; 11 knitted gloves; 12 knitted socks and stockings; 13 briefs and pants; 14a men's coats; 14b men's overcoats; 15a women's coats; 15b women's overcoats; 16 men's suits; 17 men's jackets; 18 men's undergarments; 19 handkerchiefs; 20 bed linen; 21 anoraks; 22 staple fibre acrylic; 23 staple fibre regenerated; 24 men's pyjamas knitted; 25 women's pyjamas knitted; 26 women's dresses; 27 woven and knitted skirts; 28 knitted trousers; 29 women's suits; 30a women's pyjamas woven; 30b women's undergarments woven; 31 bras.

Tokyo airport charges row looms

BY LYNTON McLAIN, INDUSTRIAL STAFF

TOKYO, Jan. 5.

THE Secretary-General of IATA (the International Air Transport Association) Mr. Knut Hammarskjold arrived in Tokyo to-night to deliver a stiff protest to the Japanese Government over the proposed landing charges at Tokyo's new Narita international airport.

Mr. Hammarskjold, accompanied by the chief secretary of Pan Am, Mr. William Seawell, and the president of Qantas, Sir Lenox Hewitt, will see the Ministers of Foreign Affairs and Transport to-morrow. He may warn the Japanese Government that legal action will be taken by foreign airlines against the Narita Airport Authority if the charges are not lowered.

Narita is scheduled to come into use at the end of March, about five years behind schedule, as the sole international airport serving Tokyo. The landing and handling charges proposed by the Government are 60 per cent. higher than those at Haneda (the present Tokyo international airport) and would make Narita the world's second most expensive airport after Sydney.

IATA apparently claims that the charges are based not on true operating costs, but on the Government's estimate of what will be needed to recoup the huge initial investment in Narita.

The airport cost about $1bn. to build (up to the end of stage one which includes only the first of three projected main runways) plus about $1.2bn. in associated infrastructure. The real reason why the project has proved so expensive, however, is that Narita has been complete but unused for the past four years, during which time there have been prohibitive interest and maintenance charges.

Japan Air Lines claims to have spent $12m. a year on maintaining its own facilities at Narita. Airport costs incurred by the airport authority itself have probably been far higher.

The delay in opening Narita was caused by stiff opposition from environmentalist lobbies both to flights in and out of Narita itself (which is in the middle of an agricultural area some 70 kilometres from Tokyo) and to plans for the construction of an underground pipeline to supply the airport with fuel.

The Government finally took the decision to steamroll over local environmentalist resistance only last year when it moved in to demolish two steel towers which had been built at the end of the main Narita runway. It has been less successful in handling the resistance to the pipeline plans, with the result that fuel supplies to the airport will initially be by rail.

Narita will be receiving about 4,000 kilolitres of aviation fuel per day—enough to support the same number of flight frequencies as Haneda but not enough to allow for any increase. This means that airlines are, in effect, being asked to pay 60 per cent. more for using a facility which will generate no more revenue than the one they are using at present.

International airlines serving Tokyo do not have the option to continue using Haneda after the end of March because the Government has ruled that all international flights will shift to Narita. The only exception will be flights carrying incoming Heads of State or other important visitors and flights by China Airlines (the Taiwan national flag-carrier which, for political reasons, has to be separated from Peking's national airline).

Apart from cost and capacity limitations, Narita faces severe access problems. A proposed high-speed rail service linking the airport with central Tokyo has yet to be built, although a station has been completed immediately under the main passenger terminal.

Ways of getting to the airport include a private railway service which connects with a bus shuttle service on the edge of the airport, and a bus service from a city centre terminal which will take 60 minutes to make the outward journey and about 85 minutes to come back into town. The Narita-Tokyo taxi fare is expected to be Y11,500 (nearly $50).

Japan Air Lines is working on the development of a high-speed train which could eventually make the Narita to Tokyo trip in 15 minutes, but it will be some years before the project would come into service.

£2m. Soviet deal with U.K.

Financial Times Reporter

AN ORDER for machine tools to a total value of just under £2m. has been won in the USSR by Renold, power transmission group. It was gained against competition from West Germany.

The order covers two contracts to supply machines for manufacturing screw compressor rotors and pump screws, and the work will be carried out at the group's factory at Milnrow, Lancashire.

Under the contracts, Renold gear division will supply varying numbers of rotor milling machines, pump screw milling machines, cutter grinders, inspection test centres and cutter inspection equipment, with cutters and associated tooling.

The new order follows similar, but smaller, orders placed with the British company by Stanko-import, the Russian State agency concerned, in 1967 and 1970.

The machines will be located partly at Kazan, on the Volga River a few hundred miles east of Moscow, and Chita, in the mountains of south-east Russia, near the Chinese border.

KHD in Egypt joint venture

COLOGNE, Jan. 5.

KLOECKNER - Humboldt - Deutz AG said it has agreed a DM.100m. (about £24.8m.) joint venture for the production in Egypt of equipment to be used in irrigation work.

Agreement was signed with the Osram Arab Contractors, Osman Ahmed Osman and Company, and with the State-owned Suez Canal Authority, it added.

Under the contract, a company will be set up, owned 74.9 per cent. by the Egyptian side and 25.1 per cent. by KHD, the company said.

KHD said the company will have a basic capital of DM30m. and will manage a factory to be constructed at Ismailia on the Suez Canal.

The plant should produce 2,000 tractors, 5,000 air-cooled diesel motors and 400 generating and pumping units annually in its first development stage.

The facility is expected to serve neighbouring Arab countries as well as the domestic market, the company added.

Meanwhile, reports from Cairo state that Britain and the Cairo-based Arab Industrial Organisation (AIO) have agreed to form joint companies to produce British anti-tank Swingfire missiles and Lynx helicopters, according to the official Middle-East News Agency (MENA).

MENA said the agreement was reached after talks in Cairo between British Defence Secretary, Mr. Fred Mulley, Egyptian War Ministers, Gen. Mohammed Abdel-Ghani Gamassi and AIO Board chairman, Mr. Ashraf Marawan. While a Swingfire deal was signed in London last month, this agreement may bring closer a plan to build the Lynx in Egypt.

The agency said the three men also signed a technical co-operation protocol between Britain and the AIO under which Britain would provide the organisation with technical assistance for advanced military production.

The AIO was formed in 1975 by Egypt, Saudi Arabia, Qatar and the United Arab Emirates (UAE) with a capital of some $1bn.

Mr. Mulley, on a week-long visit, was due to leave for Aswan, Upper Egypt, to-day to meet President Anwar Sadat.

Reuter

● ASEA the Swedish heavy electrical equipment manufacturer, has won contracts worth around Kr.80m. (£9m.) from Iran. They include what the company believes is the world's largest static reactive power compensation equipment writes our Stockholm Correspondent.

The orders come from the National Iranian Steel Industries (NISIC) and are for the Pahlavi steel complex at Ahwaz. They cover equipment for reactive power compensation and the suspension of electrical disturbances for six electric arc furnaces, each rated at 78 MVA.

They include switchgear for the 33Kv distribution system for the arc furnaces and—under an earlier contract — the transformers for the furnaces. ASEA is also a member of the consortium supplying the 220/33Kv substation feeding the NISIC complex.

Call for European motor links

BY LINTON McLAIN

THE interdependence of Europe's motor industries is Britain's theme at this year's Brussels motor show which opens to-day.

Without collective development there was no way Europe's motor industries could survive Japanese and North American competition, Mr. David Plastow, president of the Society of Motor Manufacturers and Traders said in an eve of show speech.

This was aimed as much at raising the morale of British exhibitors after the "disappointments of 1977" as extolling the U.K. industry's commitment to Europe. It was now spurious to attribute a single national identity to some of Europe's most popular cars.

British-powered Ford Fiestas are assembled in Germany for sale in North America and Leyland Allegros with British parts are assembled in Belgium for sale in Europe. German-designed Opels are also assembled in Belgium for sale in Britain as Vauxhall Cavaliers.

This co-operation had to continue Mr. Plastow said. Britain's motor industry, its largest manufacturing sector with exports of £3.1bn. in the first 10 months of 1977, was committed to free trade and growth in the European Economic Community.

Britain's role as a major, growing supplier of components to Europe's motor manufacturers was one of the industry's greatest strengths.

Between January and October last year component exports rose 24 per cent. on the same period in 1976 to £1,300m. Total motor exports rose 23 per cent. giving a £1,100m. surplus on the motor and components balance of payments.

Mr. Plastow said these figures had to be stressed "to balance the wide publicity given to our disappointments in 1977." Car output last year could have been a lot higher than the "fractional" improvement over 1976.

The Brussels salon gave British companies the chance to show their competitiveness in Europe. But this year would see "the world's largest motor show" to be held at the Birmingham National Exhibition Centre from October 20 to 29. More than 750 exhibitors would make it the biggest motor show ever held in Britain.

Iranian ban on Denmark to continue

THE DANISH Foreign Minister, Mr. K. B. Andersen left Teheran early yesterday after failing to convince Iranian officials to lift a trade ban against his country. Iran buys about $85m. worth of Danish goods a year.

The trade ban was imposed after Denmark failed to prosecute persons who raided the Iranian Embassy in Copenhagen last month. A Danish Embassy official said: "We are fairly optimistic that the ban will be lifted in the not too distant future," following Mr. Andersen's contacts here. But there was no indication from the Iranian side that trade would be resumed soon."

Caracas plant

Foster Wheeler Energy Corporation said it had received a $200m. contract from Llanoven, part of Venezuela's national oil industry, for a major expansion of the El Palito refinery, about 115 miles west of Caracas. Foster Wheeler said its involvement will include overall project management, engineering, procurement and construction.

Car import ban

The Venezuelan Cabinet has barred the importation of most automobile models not assembled in the country and set duties for those models whose import is still allowed, according to reports from Caracas.

Brewery deal

The state-run Danish Industrial Development Fund and a consortium of private engineering companies have agreed on joint construction of a $25m. brewery in the Nigerian state of Plateau, it was announced in Copenhagen. The Plateau state will contribute 60 per cent. of the construction costs with the Danish side supplying the remaining 40 per cent.

Gold plant

The Anglo American Corporation of South Africa has awarded a design services contract for an undisclosed amount to Mitchell Cotts Projects (PTY), for planned extensions to the reduction plant at the Free State Saaiplaas gold mine near Virginia, Bernard Simon writes. The design services for the R18m. extension programme are scheduled for completion within 11 months. The expansion is designed to increase plant capacity at the mine from 110,000 tonnes a month to 220,000 tonnes.

Saudi pact

Celanese Corporation said its subsidiary Celanese Chemical plans to enter an interim agreement with Saudi Basic Industries Corporation and Texas Eastern Arabian, which is aimed toward the joint construction and operation of a Saudia Arabian petrochemical complex. The complex, starting with a 2,000 ton a day chemical-grade methanol producing facility, will be located at Al-Jubail,

Swedish shipping major builds up U.K. subsidiary

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

SALENINVEST, THE major Swedish shipping group, is to rapidly expand its London base as a hedge against what it sees as an inevitable growth of trade protectionism within the Common Market.

The vehicle for expansion will be Whitco (Marine Services), the company bought by Salen five years ago and which is now to be re-named Salen (U.K.).

Mr. Sven Salen, chairman of the Swedish parent company, said during a visit to London, that the U.K. subsidiary would be responsible for about 5 per cent. of group turnover next year but that its shore and seafaring workforce would, at about 800, represent a quarter of the group's total.

The staffing question and the relative cheapness of British crews is one short-term gain Salen sees in its strategy, but Mr. Salen says the principal reason is the need for Salen's essentially cross-trading fleet to have an EEC flag base to ensure permanent access to trade between community countries and the rest of the world.

Salen U.K.s immediate plans involve expanding the number of ships managed from London from 18 to 28 during the course of 1978, although it is probable that most of these new ships will be managed for external clients rather than owned.

More controversially, the Salen group aims to continue a steady process of transferring ships from Swedish to British flags. So far three dry cargo ships have been switched over, but Salen's future plans are bound by an agreement with the Swedish seafaring unions that any future transfers will not result in a reduction of employment in Sweden.

Thus Salen must await delivery of the six refrigerated ships it has on order at the Swedish State-owned Gotaverken yard—which was once owned by the group.

Salen U.K. also plans to increase its marine equipment sales operation and to further develop its role as an agent for world-wide shiprepairers.

Other benefits of the London expansion are summed up by the company as access to new sources of finance. "a comparatively pragmatic union stance, a stable regulatory environment with little political interpretation by officialdom and a flag with world-wide acceptability and high safety standards." The group also foresees that an easing of capital transfers due to the North Sea oil surplus will be helpful.

Salen U.K. is already more profitable than its parent, whose heavy dependence on tankers and bulk carriers dragged it into a £9.2m. first-half loss in 1977, a position which is understood to have deteriorated further in the second half.

Govan order for Norway

BY FAY GJESTER

OSLO, Jan. 5.

A NORWEGIAN company, Moelven Brug, has won a Kr.8m. (£800,000) order from Govan Shipbuilders, of Glasgow, for ten diesel hydraulic mobile deck cranes to be installed on ships the yard is building for Poland.

For Norway's ship equipment industry the contract represents a welcome spin-off from the Polish ship orders, which Norwegian shipbuilders at one time hoped to secure, before they were placed in Britain.

Meanwhile, two small West Norwegian yards which had secured contracts worth a total of Kr.70m. (£7m.) to build eight trawlers for Sri Lanka, under a Norwegian development aid project, now face the prospect that the orders will be cancelled.

Sri Lanka's recently-elected Government no longer wants the trawlers, since, unlike its Socialist predecessor, it opposes the concept of a State-owned trawler fleet. Moreover, India's recent extension of its fishery zone has deprived Sri Lanka of the fishing grounds where the trawlers were intended to take most of their catch.

The Norwegian development aid agency, which arranged the contracts and would have helped to finance them, is now seeking other possible buyers for the vessels.

The two yards have already purchased Kr.10m. worth of raw materials and equipment in connection with the project. Though Sri Lanka is prepared to pay a cancellation fee, this would not solve the excess capacity problem which the loss of these contracts will create for the yards.

Stockholm gloom on cars

BY JOHN WALKER

STOCKHOLM, Jan. 5.

NEW CAR sales in Sweden during the whole of 1977 dropped by 23 per cent. compared with the previous year, according to the Swedish Association of Motor Manufacturers and Retailers.

Sales amounted to 241,374 cars, against 312,800 for 1976, the highest level so far. December, which is usually a quiet month, was even worse last year as the slide downwards bottomed out at 44 per cent. lower than in the same month in 1976.

Volvo accounted for 55,688 units for the year, giving them 23 per cent. of the market, compared with 76,600, or 24.48 per cent. of the market, in 1976. Saab accounted for 29,667, or 12.29 per cent. of the market, compared with 39,520, or 12.63 per cent., in the previous year. The balance, amounting to 156,000 cars, was accounted for by imports.

Sales of the leading models during 1977 are Volvo 240 with 43,122 units sold (64,200 in 1976), Saab 99 with 21,810 (27,818), VW Golf 11,044 (10,419), Ford Granada 8,634 (10,847), Saab 95/96 with 7,657 (11,702), Ford Taunus 7,807 (11,937), Volvo 343 with 7,585 (3,306).

Aid for Volvo, Page 18

Lithorex plant for Britain

By Anthony Moreton, Regional Affairs Editor

LITHOREX, a Swedish-controlled specialised-printing concern, is to move part of its operations from Brussels to Thamesdown, better known under its former borough name of Swindon.

The company is an important printer of personal sales promotion letters. Until now it has covered Europe from a plant employing some 50 people in Lanskroner, southern Sweden, and the Brussels plant, which has about the same workforce.

The Brussels operation will not be affected by the decision to open in England. Lithorex feels that because it has one large client in the U.K.—Readers Digest—it ought to be nearer the source of its business.

The operation in Thamsdown will be small, with 15 people employed when it moves into a council-owned factory in the spring. The company is, however, looking for its own premises and hopes to build a plant on the west of the town in a new expansion area at Blagrove sometime next year.

That would allow it to double its capacity. Thamesdown has been chosen partly because of its good location for distribution throughout the country.

Mr. Douglas Smith, Thamesdown's Industrial Development Adviser said yesterday that, "although the company operates a highly automated plant and therefore does not require many people, it is important to the borough as part of a programme to attract further companies to invest in the area.

"The more varied the activities and sources of investment the more stable the industrial situation will be be. This is clearly good for the maintenance of jobs in both good and difficult times."

Steel import licence plan

By William Dullforce

STOCKHOLM, Jan. 5.

TRADE Minister Mr. Staffan Burenstam Linder proposes to introduce a licensing system for steel imports into Sweden from February 15. The licences, which will indicate the origin, quantity, type and price, while not intended to restrict imports, will give the Ministry quicker information on prices.

The background to the Swedish move is the introduction of minimum prices for steel imports by the U.S. and EEC. Mr. Linder stressed that Government policy aimed at keeping trading conditions on the Swedish market in line with those of the EEC. Sweden had everything to gain from avoiding protectionist pressures, he said.

The Brussels Commission indicated last week that it would negotiate on steel prices and imports later this month with boh Japan and EFTA, of which Sweden is a member.

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Post Office expects profit on parcels

BY JOHN LLOYD

THE CHRONICALLY unprofitable Post Office parcels service is likely to be profitable by the end of this financial year.

The parcels service lost £23.6m. on an income of £101.2m. last financial year.

However, the postal business of which parcels is a part will be less profitable than last year, when it showed a surplus of more than £24m. Current Post Office projections are in the region of £10m.

The decline in profitability will increase pressure on the corporation to raise postal prices after April. Until then, the Post Office pledged to hold prices at present levels.

These projections are not thought to take into account the possibility of the postal workers winning a settlement to consolidate pre-Stage One basic rises into all types of earnings. In his last report, the outgoing PO chairman, Sir William Ryland, warned that a consolidation settlement, together with easing of the compression of differentials, "could well reduce telecommunications profits substantially and, in the other services, convert profits to losses."

The improved performance in parcels is due largely to an increase in the number of parcel contracts won by the Post Office, competing mainly against other State-owned enterprises such as British Rail and the National Freight Crporation.

The Post Office reflects growing confidence in the parcels division in its evidence to the Government in response to the report of the Post Office Review Committee (Carter Committee).

It writes: "The Post Office considers it has successfully reversed the declining financial fortunes of the parcels service. It is seeking to continue to operate a viable parcels service and sees this as a practicable possibility."

It also responds to the recommendation made by the Carter Committee to abandon the inland telegram service if it cannot be made to pay.

The Post Office proposes that it will continue the telegram service for two years, during which period "a determined attempt" would be made to have the service cover its long run costs.

Public need

However, the corporation is pessimistic about the possibility of profit. It notes that the price of a telegram has risen by 400 per cent. since 1973 and that the number of telegrams sent has fallen by 50 per cent. Losses rose by 30 per cent.

"The fact that inland telegrams are not profitable and cannot be made so would not in itself necessarily be a justification for ending the service if it met a significant essential public need.

"But as other services have grown, inland telegrams have come to play a very small part in national communications, with 11,000 sent each day compared with some 230,000 inland telex calls, some 30m. letters posted and some 50m. telephone calls."

The corporation argues that there is a strong case for abolishing the service while making a "suitable provision" for the 200,000 "life or death" messages—6 per cent. of the total—sent each year. It will review the case at the end of the two-year trial period.

The Union of Post Office Workers has opposed the possibility of abolition. In its own submission to the Government, it wrote: "We hold very firmly to the view that as long as there are people in Britain without telephones, there is a necessary public service for the inland telegraph system to perform."

The corporation said it was keeping under review the possibility of Sunday collection, which the Carter Committee recommended that the Post Office restore.

Other points from the Post Office response include:

● Disagreement with the Carter Report over its proposal to create an advisory council on Post Office and telecommunications affairs: "Improvements will not be obtained by having layer upon layer of advice."

● A welcome for the recognition that System X—the electronic exchange system being developed by the Post Office and its major suppliers—is "sound in its concept and of great importance . . . in world markets."

● Agreement on the Carter Committee's proposal to split the Post Office into two autonomous businesses, one for posts and one for telecommunications.

Posting workers to the boardroom Page 9

Yard seek Hammami murder clues as PLO inquiry team flies in

BY RICHARD JOHNS

SCOTLAND YARD'S anti-terrorist squad yesterday issued a photofit picture of the man believed to have killed Mr. Said Hammami, representative of the Palestine Liberation Organisation. But the police appear to be still desperately searching for leads.

Commander Jim Nevill, head of the squad, said that he was "very willing" to speak to the three-man team from the PLO who arrived yesterday from Beirut with the intention of making their own inquiry into what is assumed to be an assassination. However, he stressed: "The only people making an investigation are the police."

According to Commander Nevill, the witnesses at the Arab League office in Green Street, Mayfair, who saw the murderer enter the building and depart, described the picture as "a very good resemblance." The killer is said to be about five feet eight inches tall, aged about 24 and of sallow complexion. He wore a green overcoat.

Calling himself "Mr. Adel," he telephoned Mr. Hammami's office at 1 p.m. on Wednesday asking for an appointment. This was not granted because the PLO representative was unavailable—either absent from the office or unwilling to talk at that point.

Bombing link

"Mr. Adel" later walked into No. 52, Green Street, at 3.40 and went to Mr. Hammami's basement room.

Yesterday's post mortem examination confirmed that Mr. Hammami was killed by three bullets, probably from a 3.2 calibre automatic, though this had not been confirmed last night by police experts.

Commander Nevill's squad is not ruling out any motive for the crime—including a personal one. His assumption was that there was a connection between Mr. Hammami's murder and the car bomb explosion in Mayfair on New Year's Eve in which two members of the Syrian Embassy staff died.

Commander Nevill said that the police were investigating a call to the UPI news agency at lunch-time yesterday by a man who claimed that a group named "The Voice of the Palestine Revolution" was responsible for the killing. He claimed that Mr. Hammami had been shot because of his "contacts with the Jewish country."

Yesterday Scotland Yard rounded up a number of Arabs named "Adel." One, a Palestinian with such a first name but a different surname, is understood to have been held for five hours even though he bears no resemblance to the photofit.

The killer spoke in Arabic, but the Commander Nevill was not prepared to say in what dialect he was speaking. He is now thought to have been alone despite reports that other men ran with him away from the Green Street building.

No difficulties were placed in the way of the PLO delegation which accompanied members of Mr. Hammami's family and was led by Mr. Rebhi Awad. He was the organisation's representative in Cairo until the Egyptian authorities broke off diplomatic relations with the PLO last month and deported him.

An inquest on Mr. Hammami will open this morning at Westminster coroner's court. It is expected that his body will be flown to Lebanon or Jordan for burial to-morrow.

Ihsan Hijazi reports from Beirut: Palestinian sources have rejected the theory that Mr. Hammami, who was also a member of the main guerilla group Fatah, may have been killed by a rival Palestinian organisation.

In some Arab quarters it is believed Mr. Hammami may have been the victim of an underground warfare between the guerilla movement and Egypt in which Israel is helping the Egyptians.

Back pact—Scottish Liberal leader

By Ray Perman, Scottish Correspondent

IN A move designed to give a boost to Mr. David Steel's chances of securing acceptance from the special Liberal Assembly for continuing the agreement with the Government, Mr. Russell Johnston, leader of the Scottish party yesterday urged members to support the pact.

A letter from Mr. Johnston, MP for Inverness, to constituency secretaries was clearly intended to influence the one-day conference of Scottish Liberals in Glasgow on January 14—a week before the special Assembly meets in Blackpool.

If, as widely expected, the Glasgow meeting backs Mr. Steel, it will give him a head start over those who wish to discontinue the pact immediately.

Mr. Johnston, who opposed Mr. Steel in the leadership contest last year and has never been the pact's strongest supporter, said that it had enabled the party to enter 1978 with a sense of achievement.

The pact had averted a damaging general election and provided the political stability for economic recovery. It had also resulted in stronger devolution Bills for Scotland and Wales being introduced.

Cool head

Mr. Johnston added: "In politics it is the time during and after achievement when a cool head and steady nerve are most needed, for then one is most attacked by one's political opponents anxious to denigrate what has been done.

"It is natural and to be expected that the Conservative Party, the Tory Press, and the Left-wing of the Labour Party should not want the agreement to produce any successes. They have no interest in seeing the Liberals linked in any way with economic recovery or the establishment in Scotland of a workable and acceptable Parliament.

"To talk of breaking the agreement would be to put in jeopardy what has already been achieved and to make much more difficult any similar experiment in co-operation in the future."

The executive of the Scottish Party is also supporting the pact. It had tabled a motion for the Glasgow conference demanding that the agreement should be continued "provided that progress is maintained towards achieving the national interest of economic stability."

Chemicals sector revival expected during 1978

BY RAY DAFTER

THE CHEMICAL industry's hoped-for revival this year looks like being achieved, according to to-day's issue of the Government's Trade and Industry publication.

A report on the chemicals sector points out that in November the Chemical Industries Association was forecasting an increase in output this year of 5.25 per cent., as against the anticipated rise of 3.5 per cent. in 1977.

"The increase in 1978 is quite likely to be achieved given that the macro-economic prospects for the U.K. to the end of 1978 are in line with the Treasury forecasts published on October 26," says the report.

However, the latest statistics show that there was a 1 per cent. fall in the chemical industry's output in the third quarter. It seems that the depressed trading conditions continued in the final quarter because ICI, the U.K.'s major chemical group, has warned already that its year-ending results will be hit by the chemicals recession.

In the first three months of 1977, taken as a whole, sales were 5 per cent. higher than in the corresponding period in 1976. Pharmaceuticals, paint and synthetic rubber sectors showed above average increases, but toilet preparations—the most dependent on consumer expenditure—suffered the lowest increase.

Trade and Industry reports that after a strong rise in the volume of chemicals exported in the third quarter there was a sharp drop in October and a further fall in November. Some of this loss reflected the weakening in Britain's competitiveness in the light of sterling's rising value against other currencies.

Nevertheless export prospects for this year are seen as "quite encouraging." The chemical association is forecasting a rise, in volume terms, of 9 per cent., probably much the same as was achieved in 1977.

The price of chemicals as a whole rose by 3.5 per cent. in the third quarter, a slightly smaller increase than in the previous three months.

It is provisionally estimated that in the quarter ended November 30, prices rose by 2.25 per cent., reflecting the relatively slow increase in the price of rew materials an fuel purchased during the first half of the year.

SALES OF THE CHEMICAL AND ALLIED INDUSTRIES

	£m. at 1970 prices*
1970	3,448
1971	3,514
1972	3,714
1973	4,144
1974	4,348
1975	3,969
1976	4,394
1977 1st qtr.	1,172
1977 2nd qtr.	1,159
1977 3rd qtr.	1,080

* Not seasonally adjusted

Source: Trade and Industry

British Airways brings back low freight rates to U.S.

BY LYNTON McLAIN, INDUSTRIAL STAFF

BRITISH AIRWAYS has re-introduced its low-price North Atlantic freight rates after modifications to meet U.S. Government objections. The aim is to increase by 50 per cent. by December the current 20,000 tonnes of freight the airline carries to the U.S.

Earlier objections forced the airline to suspend the scheme in June last year after only 16 months' operation.

U.S. airlines, backed by the U.S. Civil Aeronautics Board opposed the rates, but subsequently Pan American, Trans World and Seaboard introduced their own cheap rates.

Modifications were made to the British Airways scheme and last autumn a submission was made to President Carter, who over-ruled the Board. The previous scheme involved three minimum cargo contract levels, at 500 tonnes, 1,000 tonnes and 1,500 tonnes.

The new scheme, effective this week with approval of the Civil Aviation Authority and the Board, gives reductions to freight agents contracting for a minimum shipment of 800 tonnes a year.

Containerised freight from Glasgow, Manchester and London to New York now costs 40p a kilo, with a 5p discount during the 6 p.m. Sunday to 2 p.m. Tuesday period. There was no discount in the rejected scheme.

The new contract rates do not apply to freight from the U.S. to Britain, but freight destined for Chicago, Detroit, Miami, Philadelphia and Washington will benefit from the new rates.

Staff given profit target

BRITISH AIRWAYS must earn an operating profit equal to 10 per cent. of its revenue every year for the next 10 years, Mr. Ross Stainton, new chief executive of the airline, says in a New Year message in British Airways News.

This was essential if the airline was to afford the new aircraft to remain competitive. These would cost "many hundreds of millions of pounds" and much of this had to be earned to avoid a crippling debt.

Faced with cheap charters, Skytrain and "throwaway" inclusive tours and an "impending proliferation" of carriers on the Atlantic providing more and more competition, British Airways had to change in 1978, he said.

Attractions for the man in the street had to be developed.

Mr. Stainton compared the changes facing British Airways with the "decay in the market for the traditional type of high-grade Swiss watch." It was inevitable that the airline would have to reduce its costs to compensate for the lower return in revenue per passenger.

● Sir Frank McFadzean, who had a heart attack in September, has resumed duties as chairman of British Airways, but, on medical advice, he will serve only on a part-time basis.

Drop wealth tax plan urges Methven

BY OUR INDUSTRIAL EDITOR

A CALL for the Government to cut personal taxation and abandon plans for a wealth tax was issued yesterday by Sir John Methven, director general of the Confederation of British Industry.

He told a CBI luncheon in London that the prospect of a wealth tax was "like an axe poised over the owners of private businesses." It would specially hurt small firms.

Referring to the co-ordination of the Government's small firms policies being carried out by Mr. Harold Lever, Chancellor of the Duchy of Lancaster, he added: "There is already a strong feeling among CBI members that whatever it is the Government intend to give to small firms through Mr. Lever's strategy, they are now planning to claw it all back with a wealth tax."

Sir John also criticised reports of the Diamond Commission on the Distribution of Wealth for containing "misleading" figures about Britain's relative levels of personal taxation.

More open sale for range of medicines authorised

BY DAVID FISHLOCK

NEW CONTROLS exempting a range of medicines and veterinary products from the necessity to sell them only from registered pharmacies under the supervision of a pharmacist, come into force on February 1.

Under Part 3 of the Medicines Act, a list of medicines has been published which can be sold or supplied from premises other than pharmacies.

These are medicines which the Medicines Commission, in consultation with trade, professional and consumer interests, now considers to represent only a small hazard to health, or a small risk of misuse, and where wider sale would be a convenience to the customer.

The new controls also specify medicines which may only be supplied in accordance with the prescription of a doctor, dentist or vet. These are medicines whose use needs to be supervised because of a known or potential toxic hazard.

In between these two published lists are those medicines—which the Department of Health has not identified—which may be sold only at pharmacies under the supervision of a pharmacist.

IN BRIEF

Computer thefts increasing

ABOUT 100 executives will board the QE2 this summer for a conference on ways of combatting computer fraud.

They will be introduced to the latest sophisticated type of criminal, the computer crook, and will be shown ways of detecting his offences.

The conference is being run by Mr. Peter Heims, editor of Top Security magazine, who said: "Computer fraud is on the increase and vast sums of money are being lost by companies in this country and throughout the world because it is one of the most difficult crimes to detect."

Top tax plea

THE TOP marginal rate of tax on income should be cut from 83 per cent. to not more than 50 per cent. The Income Tax Payers Society adds in its annual letter to the Chancellor of the Exchequer that taxation should start at a higher level of income and be less steeply graduated.

Pilfering losses

BRITAIN'S retailing industry is facing record losses of almost £2m. a day from shoplifting and pilfering. The Retail Consortium said that the percentage of stolen goods to sales turnover had never been so high.

Canal bridge

WORK on a £543,000 Greater London Council scheme to reconstruct Burdett Road canal bridge in Limehouse, Tower Hamlets, will start on January 16. The aim of the work is to remove congestion caused by the single-lane Bailey bridge over the Limehouse Cut canal.

Texas cheaper

BRANIFF INTERNATIONAL CORP., the U.S. airline, is to ask the Civil Aeronautics Board to approve fare reductions on its planned non-stop service from Dallas to London.

Computer centre

MIDLAND BANK is to build a computer centre at Tankersley, near Barnsley in South Yorkshire.

Kidney lottery

THE FIRST long-term lottery to be sponsored by a major charity was launched yesterday by the National Kidney Research Fund. It is expected to net more than £16,000 profit for the fund.

Steel tube order

BRITISH STEEL Corporation at Corby has won an order to supply 1,300 tonnes of steel tubes for construction of the world's longest floating bridge, in Georgetown, Guyana. It will be over a mile long and 24 feet wide.

Lenient start to EEC law on driving hours

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

THERE WILL be a "running in" period of six months for all provisions of the EEC lorry and bus drivers' hours regulations adopted by Britain this month, and an even longer period of leniency for breaches of a regulation concerning tachographs.

This was confirmed yesterday when Mr. William Rodgers, Transport Secretary, published the timetable for British observance of the shorter driving day.

He called on the freight and passenger industries and the unions to "get together to make sense of the new situation," and promised that the new laws would not be enforced strictly during the first few months.

Enforcement authorities have been told to allow a six-months honeymoon period for most regulations in the first phase of British acceptance, and in the case of the clause requiring single-manned heavy articulated vehicles either to carry a tachograph or observe a 450-km (281-mile) daily driving limit even more flexibility is proposed.

Mr. Rodgers said that because the European Commission had started infraction proceedings against Britain for refusing to make tachographs compulsory in all heavy vehicles, the Government was having "to look again at the whole tachograph issue."

The review could take over a year and the Government would "ensure that the various enforcement authorities are aware of the situation during that period. These authorities will naturally need to take account of possible breaches of the rules where the driver concerned is charged with other breaches of the law."

This presumably means that drivers will not be prosecuted simply for breaking the tachograph regulation.

Other provisions applicable immediately are: a weekly driving limit of 60 hours for buses and a requirement for all bus crews to keep records. [None of these provisions apply to buses on regular routes under 31 miles.]

During the next three years the timetable for the most important changes in driving hours is as follows:

Daily driving period: lorries—down from 10 to 9½ hours in December, 9 hours in July 1979 and 8 hours in January 1981. Buses down from 10 to 9½ hours in December, to 9 hours in October 1979 and to 8 hours in January 1981.

Continuous driving period: lorries—5 hours until July 1979, to 4½ hours until December 1980 and then 4 hours. Buses 5½ hours until December 1978, down to 5 hours until October 1979, 4½ hours until January 1981, then 4 hours.

Rise in house building costs is slowing down

BY OUR BUILDING CORRESPONDENT

BASIC house-building costs rose by just over 11 per cent. last year against nearly 15 per cent. in the previous year and 21 per cent. in 1975, according to the Building magazine cost index published yesterday.

The index shows a rise of about ½ per cent. in December. The overall increase in costs recorded during 1977 was the lowest annual figure since the index was started in 1973. Most of last year's increase (16.6 per cent.) was due to a rise in material prices, while labour costs rose by only just over 7 per cent., a reflection of continuing control on incomes.

With new house prices also rising by around 11 per cent. in 1977, the gap between these and the basic cost of building houses has narrowed significantly over the past year, according to the magazine.

It points out, however, that the difference in the increases over the last four years remained "enormous." New houses between 1974 and 1977 rose by only 33 per cent. while building costs went up by over 76 per cent.

Brokers forecast drop in retail price inflation

THE 12-month rate of retail price inflation could fall below 10 per cent. in March and should reach a low point of 7½ to 8 per cent. in June, according to an analysis from City stockbrokers Sheppards and Chase.

The brokers point out that the increase in the all-items retail price index from March to November was 6.6 per cent., leaving only 3.1 per cent., an average of 0.8 per cent. a month for the rest of the year to next March.

This is double the recent average, even though seasonal factors will be unfavourable and there is likely to be some bunching of prices rises in January.

Sheppards and Chase maintain that the money supply figures will be excellent for December with the rate of growth back within the target range, and should be good again in January.

The money supply figures will be affected by the unwinding of the positions in Certificates of Tax Deposit which led to the exceptional October increase in bank advances. Tax payments made during the coming season by the surrender of these certificates will mean a lower than usual demand for additional bank finance, and hence abnormally low rises in bank borrowing.

The brokers argued that yields on gilt-edged stock will follow a saw-tooth course in 1978. Both money market and gilt yields will fall in January, but election uncertainty and, later, fresh monetary problems, could cause a reversal.

Cover-up attack by Mrs. Thatcher

By Ray Perman,

MRS. MARGARET Thatcher, Opposition leader, said last night that 1978 could be the year of the cover-up rather than the year of recovery as the Government had described it.

In Aberdeenshire at the start of her Scottish tour, she said the facts of Britain's economic situation were being presented in a way which gave a false impression.

Inflation was being described as falling to between 8 and 10 per cent. but this did not mean that prices were going down. A drop in the rate to this level still meant that the pound would halve in value every eight to nine years.

OBITUARY

Lord Plurenden

LORD PLURENDEN, chairman of the Sterling Group of Companies and a powerful Labour Party supporter, died yesterday, aged 60, while on holiday with his family in Tenerife.

Lord Plurenden, formerly Sir Rudy Sternberg, received a knighthood in January, 1970, for services to exports and was created a life peer in February, 1975.

He devoted a great deal of energy to creating trade with the Soviet Union and its satellite states, and in particular promoted trade with East Germany.

Lord Plurenden was a self-made millionaire who came to Britain as a refugee from Hitler's Germany in 1936.

He was among wealthy friends of Sir Harold Wilson who subscribed to a trust fund when the Labour leader was in opposition between 1970-74.

Controversy developed over the fund with conflicting views among its trustees as to its purpose. Lord Plurenden's view was that it was for political research.

Name change for electronics group

WITH THE 21st century in sight, 20th Century Electronics has changed its company name, to T. C. Centronic. The company has been trading under the registered business name of Centronic for many years.

The Centronic range includes electro-optic components such as photo-diodes, photo-multipliers and cathode ray tubes radiation detectors and nuclear products.

British Rail Seaspeed carried more than ½m.

FINANCIAL TIMES REPORTER

BRITISH RAIL Seaspeed, with only one hovercraft in operation, carried more than half-a-million passengers and 75,000 vehicles last year on its services from Dover to Boulogne and Calais.

There were fewer flights because of the temporary withdrawal of one hovercraft to be lengthened by 55 feet at the British Hovercraft Corporation works at Cowes.

This summer Seaspeed will introduce a French Railways big new Sedam N500 with the enlarged British Rail SRN4 and the smaller SRN4 craft in operation at present it will give a four-fold increase in capacity.

● NEWS ANALYSIS—TOBACCO

Now a do-it-yourself cigarette

BY STUART ALEXANDER

GALLAHER stole two marches on its competitors when it announced its new do-it-yourself cigarettes yesterday. The group had been first to see the opportunity and bring the system to this country, and second, it has ensured itself a continuing head start because it has secured a supply of paper tubes and filters during a world-wide shortage.

The timing of the launch—January 16—is also important, for by then stocks of the old price small cigarettes should be running out and the public will be coming to terms with having to pay 6p a packet more.

To make the new cigarette requires a simple hand gadget, hinged at one end. The tobacco is placed in the middle, a tube and filter attached, and the tobacco is forced in.

Ever since the U.K. tobacco manufacturers realised the implications on prices which would follow EEC harmonisation all the emphasis has been on developing the king size sector. This led to a fierce price war throughout last year as the major companies sought to establish market share ahead of the new market shape.

Everyone knew that, because it costs about the same to produce a pack of small cigarettes as it does a large one, the price of the small cigarettes would go up with a bump, but most assumed that this would merely lead to a general trading-up.

There were even predictions that, as on the Continent and in North America, there would be only two sizes of cigarette available by mid-way through this year. Also, packets of ten are steadily being phased out, making transition to the new price structure that much more painful.

But the U.K. market is now very price conscious. Even though 1978 was to be a time when price cutting ended and profits were restored, a new round of give-aways has been started by both Wills and John Player.

The introduction of the new kind of home cigarette maker by Gallaher offers the opportunity of continuing low-cost smoking but in a way that is firmly removed from the less acceptable image of roll-your-own.

By linking the name of Benson and Hedges with the innovation a further strong tie is added, making it clear that the product is part of the cigarette market, not the hand-rolling one.

Gallaher may have made its announcement a little too early—creating enthusiasm without a product to satisfy it can be counter-productive—and by selling the filters and tubes separately from the tobacco the group is inviting a rival tobacco manufacturer to take a piggy-back ride.

Rothmans, for instance, will always sell the filters, tubes and tobacco as one pack when its product comes on to the market in about six weeks' time, thus ensuring that it sells the complete package.

Mr. Stuart Cameron, managing director of Gallaher's tobacco division, shows the new "Custom" cigarette maker.

Imperial's two manufacturing divisions, W. D. and H. O. Wills and John Player, have not announced any counter-move, although Wills sells the popular Golden Virginia for hand-rolling. But it is Imperial that stands to lose most by the new system.

With Players No. 6 as the best-selling cigarette in Britain the do-it-yourself variety will provide a direct challenge, as it will for Players No. 10. Gallaher has to accept that success with Custom may hurt its own sales of Sovereign, but Rothmans has little to lose for its small cigarette brand, Piccadilly No. 7, has only a very small share of the market.

Gallaher estimates that the do-it-yourself market could account for between 3.5 and 5 per cent. of total if it follows the pattern set by West Germany, Holland and Belgium. The system is not widely available in France and Italy where State monopolies control tobacco sales and imports.

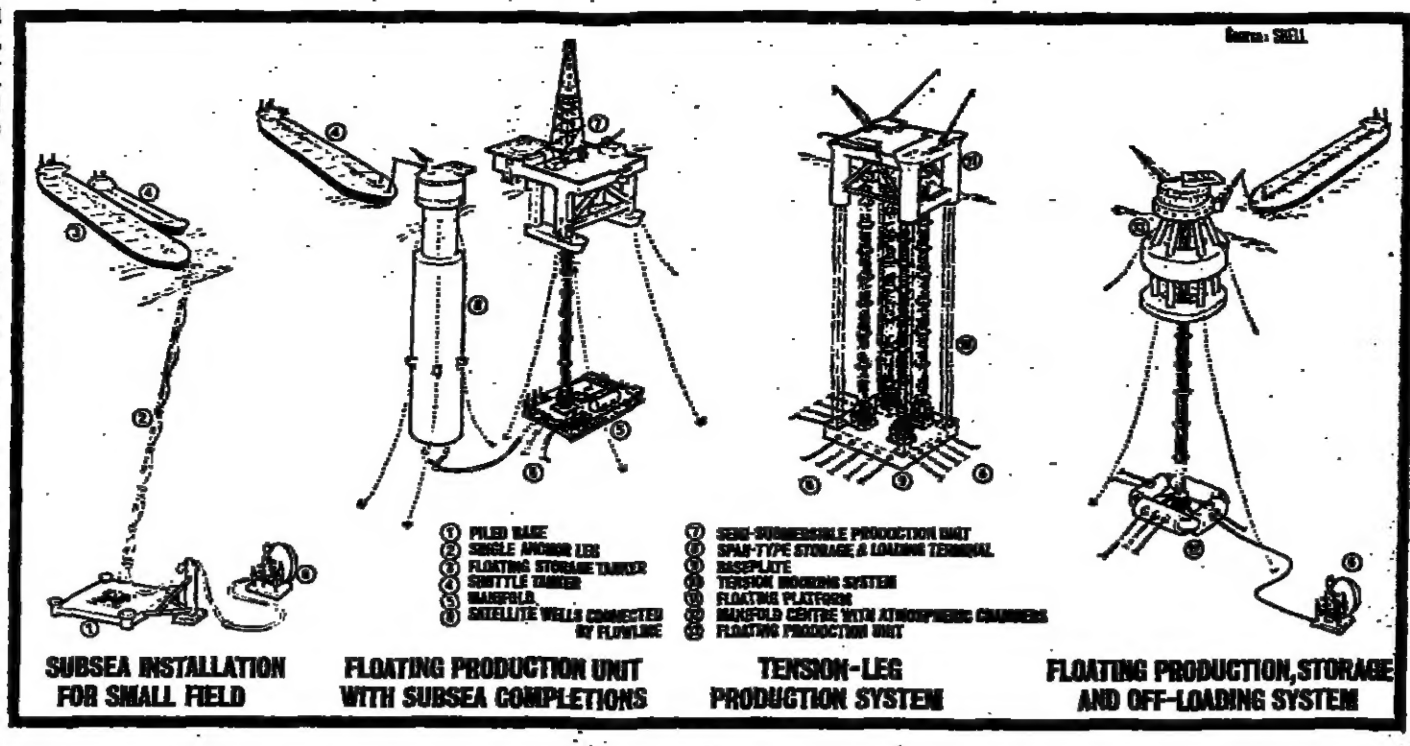
The important aspect is the measurable increase in market share that the two smaller companies can take from Imperial at the bottom end at the same time that British American Tobacco is preparing to strike at the top.

And all this with a product that is quick and easy to make, simple to market, and designed to cash in on that part of a smoker that has been most assiduously educated for the last 18 months—his pocket.

NORTH SEA OIL REVIEW

BY RAY DAFTER

Breaking new technological frontiers



SUBSEA INSTALLATION FOR SMALL FIELD — FLOATING PRODUCTION UNIT WITH SUBSEA COMPLETIONS — TENSION-LEG PRODUCTION SYSTEM — FLOATING PRODUCTION, STORAGE AND OFF-LOADING SYSTEM

THIS YEAR will see several North Sea operating groups sanctioning new field development programmes, a move essential if the country is to remain self-sufficient in oil throughout the 1980s. At least one of these—the Conoco/Gulf/British National Oil Corporation group in the Hutton Field—is likely to adopt a new production technique that breaks away from the concept of large fixed platforms.

For several years now oil companies have been considering installing lighter, less expensive production units, some of which are illustrated here. So far only a converted semi-submersible drilling rig has been used as an alternative to the fixed platform. This early production system is being used on Hamilton Brothers' small Argyll Field where a conventional steel platform would probably have made oil recovery an uneconomic prospect. British Petroleum is planning to employ a similar system on its Buchan Field—at least until it knows more about the reservoir's characteristics.

Although BP has already installed a drilling template on the seabed and received authorisation to sink the first two production wells, it has yet to receive full Department of Energy permission to use the production method. Government officials want to be sure that BP—and other possible users of floating systems—will be conforming to good oil recovery practice. From the commercial and political points of view there are several reasons why production from a converted exploration rig might be considered a "second best" option to more conventional systems.

First, it has been argued that such rigs are incapable of accommodating the same amount of equipment as fixed platforms. But this problem is being overcome. It is possible to put much of the equipment on the seabed: the main manifold and sub-sea wellhead completions, for instance. In addition, considerable amount of development effort is being expended on making the deck-borne equipment lighter.

Another Government worry is that as the rig can be moved off station very easily, oil companies might be tempted to abandon reservoirs once the most easily-obtainable oil has been creamed off. However, there are regulatory controls to prevent this.

To take a more positive viewpoint, the manoeuvrability of converted rigs has several advantages. A vessel can be moved to another part of the structure if the results from the first production wells shows that the unit has been wrongly sited. There are a number of instances where the formation of a reservoir has been proved to be different from that originally forecast during the exploration stage. Furthermore, if production from a field tails off much sooner than expected—as appears to be the case on Argyll—then the rig can be moved to a more lucrative prospect. At least the operator is not left with an expensive fixed structure standing over a series of dry holes.

It is hardly surprising, then, that a number of operating groups are evaluating such floating systems for use in fields now in the "probably commercial" category. The rigs may be installed in association with a cluster of sub-sea satellite wells; units which not only provide a greater spread of production facilities but which might also be used for water injection to maintain the reservoir pressure.

A case in point is the Hutton Field. Lord Kearton, chairman of the British National Oil Corporation, has already indicated the type of production unit that might be employed there. Initially the field will yield between 60,000 and 70,000 b/d by means of a semi-submersible rig, sub-sea well completions and a processing and storage tanker. Eventually the Conoco/Gulf/BNOC group, as licensees for the main Hutton reservoir, will install a more permanent tension-leg production (TLP) system capable of extracting oil at a rate of around 120,000 b/d. Again the TLP would be a floating unit which would mean that the equipment could be easily taken from the field once the reservoir is exhausted. (Dismantling some of the giant structures in the North Sea is a problem which has been given scant attention up to now.)

The Hutton scheme will be breaking new technological frontiers in the North Sea. So far operators have been reluctant to adopt novel forms of equipment in such hostile, deep-water conditions. It may be that oil companies have spent more time and money on improving exploration techniques, rather than on development processes. Or it may be that the companies merely felt that the economic risk of something going wrong was just too great to offset the additional cost of fixed platforms.

Several times operators seemed to be ready to don the mantle of the non-conformist only to change their mind at the last minute. British Petroleum, for example, has seriously considered both a tension legged system and a slim concrete tower for the development of its northerly Magnus Field. But it seems that the company will decide on a fixed steel structure.

Shell and Esso plan to use a new system—at least for North Sea oil production—when it develops its Fulmer Field. But again, the development will be based on well-tried technology. The plan, now being considered by the Department of Energy, calls for the construction of two steel platforms. Shell and Esso aim to place a steel template on the sea bed and drill a series of wells from a semi-submersible rig. The work could be completed this summer as platform builders start work on the steel structures.

These wells will then be connected to the smaller, secondary platform which will carry little more than a cluster of Christmas Tree wellheads. The oil will be piped to the main platform which will carry all of the processing and accommodation facilities. Once the equipment has been commissioned and oil (and cash) is flowing, the operators will be able to drill another set of production wells from the main platform. Thus they should overcome the problem of completing the drilling and installing platform equipment at the same time.

The next generation of North Sea fields will be much smaller than the Forties and Brent discoveries. As development costs continue to rise it will become increasingly important for companies to bring on stream at least some oil flow as early as possible. Quite modest-sized fields can now cost over £500m. to develop. Using only a fixed production platform, the oil companies may have to invest virtually all of this cash before receiving a penny back in revenue. The Alwyn formula does allow a large part of the costs to be met out of oil revenue.

Indeed, although the Alwyn development has yet to be sanctioned by the partners—a decision is expected this year—it could still be producing oil sooner than the other field now being developed by the Conoco/Gulf/BNOC group: Murchison.

The Murchison development received the green light about a year ago but because it will be exploited through a conventional steel platform it could be at least another 2½ years before the reservoir releases the first drop of oil. And even this development programme is ambitious when set against some of the earlier ones in that remote part of the North Sea.

The rising development costs associated with conventional systems is the main reason why operators will inevitably change to more modern techniques over the next few years. Murchison provides a useful yardstick; its total recoverable reserves are estimated to be only 360m. to 380m. barrels but its development costs may well be over £475m. British Petroleum has already indicated that the more northernly Magnus Field could cost £1bn. And its reserves are thought to be not much more than 400m. barrels—below the 500m. barrels regarded by many to be the dividing line between profitable and economically marginal fields.

Dr. Jack Birks, a BP director, told offshore contractors in late November that a few years ago a company developing a sizeable field could expect to invest £2,000 for every barrel of oil produced each day during peak output. More recently the cost had risen to nearer £4,000 a daily barrel. A deep-water field projected to yield about 100,000 b/d or more, and sanctioned this year, could cost an alarming £10,000 a daily barrel.

But there are other advantages with the new systems, some of which are only now becoming apparent. There are signs—and these are early days—that oil companies and equipment suppliers have underestimated the impact of the harsh North Sea conditions on the giant fixed structures. Corrosion and fatigue are two problems worrying many in the offshore industry. The fouling of fixed offshore installations by marine life is another.

A report* just published by the Department of Energy's Offshore Energy Technology Board states that "marine growth on the jackets of offshore oil and gas platforms increases the fluid loading, seriously impedes inspection and maintenance and may accelerate corrosion. The underwater inspection of the gas production platforms in the southern North Sea some years after installation has shown that the fouling is much greater than was forecast. On some regions of the structures the thickness of growth significantly exceeds the design allowance."

Mr. Ron Goodfellow, general manager of CxJB Underwater Engineers and author of a new book on underwater technology, said yesterday that the extent of marine fouling had come as a surprise to many because often the conditions in the Gulf of Mexico had been used as a rule of thumb for the North Sea. Perhaps the temperature of the water, its depth and salinity, and the different types of marine organisms, had not been fully appreciated.

This all goes to show that in spite of the fast-rising production profile, North Sea operators are still a long way from the top of their much-quoted learning curve. But is becoming clear that if future fields are to be exploited safely and economically—and virtually all of these finds will be in the medium or small categories—then new subsea technology must be more widely accepted.

* *The Marine Fouling of Fixed Offshore Installations, J. H. Freeman, Marine Technology Support Unit, Harwell; published for the Dept. of Energy, by CIRIA, 6 Storey's Gate, London, SW1P 3AU.*

LABOUR NEWS

Power workers table 'substantial' claim

BY PAULINE CLARK, LABOUR STAFF

UNION leaders of 96,000 manual workers in the electricity supply industry yesterday tabled a claim for a "substantial" increase on basic pay rates this year. They warned of a tough fight if the Government tries to hold them within the pay guidelines.

Mr. Frank Chapple, general secretary of the 420,000 strong Electrical and Plumbing Trades Union, yesterday predicted "a real battle" if there were any attempt to treat the power workers like the firemen.

The reaction, he said, would be "far worse" than last year's unofficial work-to-rule.

The power workers' negotiations are seen as a prelude to pay developments later this winter in the related coal mining industry.

The National Union of Mineworkers will bestarting talks on their claims for a doubling of their basic wages early next month.

The extent to which the current negotiations on local productivity bonuses defuse NUM militancy is regarded as crucial to the survival of the Government's wages policy.

Next week, Yorkshire miners, who previously rejected bonus schemes, will hold a further ballot. South Wales left-wingers are expected to be influenced by the results.

Power industry employers are expected to make an offer—likely to be within Government guidelines—next week.

It was made clear during the unofficial action that demands for concessionary fuel allowances would be unacceptable and that shift pay improvements must come within the main pay negotiations. Claims for travel expenses were approved in principle.

Although the power workers' claim has not been quantified, it is thought to include most of the demands which led to the unofficial action. Mr. Chapple warned that it would be unwise to ignore claims for 40 per cent. increases by some unofficial groups.

Left takes control of UCATT

BY CHRISTIAN TYLER, LABOUR EDITOR

CONTROL of the building union, the Union of Construction, Allied Trades and Technicians, will pass to the Left wing as a result of an election to the union's national executive.

Although it has still to be officially confirmed, the vacant seat is thought to have been won by Mr. Jim Kelly, from Aberdeen, giving the Left a 4-3 majority on the executive.

The union's leadership does not divide politically on all issues, but the shift has implications for the next national building pay negotiations and for the union's merger talks with the anti-Communist Electrical and Plumbing Trades Union. UCATT has more than one Communist on its executive.

Mr. Kelly, a Labour Party member, is thought to have defeated by a substantial majority Mr. Tom McTurk and Mr. Tom Graves, both backed by the Right.

The result could be a pointer to the mood of the union in the election at the end of the year of a successor to Sir George Smith, general secretary, who retires in June, 1979, and who has in the past vigorously attacked Communist and other Left-wing groupings in the union.

The front-runner for the job is Mr. Les Wood, assistant general secretary, who is generally regarded as on the Left.

In another union's executive election, that of the National Union of Seamen, a leading Left-winger, Mr. Gordon Norris, was defeated by Mr. J. McGill, of Glasgow, as north-east coast and Scottish districts representative. The poll was very low, with only 60 votes cast for Mr. McGill and 46 for Mr. Norris.

Other well-known Left-wingers on the NUS executive are not standing for re-election.

Helicopter pilots in new row

By Our Labour Staff

A DISPUTE is brewing among British Airways helicopter pilots at Aberdeen, scene of the damaging Bristow helicopters dispute earlier this year. Loss of overtime payments is the issue.

Following the end of the Bristow dispute, British Airways agreed to take on an additional 21 pilots. But, as a result of a fall in demand by oil companies for the use of helicopters, pilots are flying only two flights a day instead of the usual three. British Airways say they have six pilots for each aircraft.

An airline official said that this had led to a reduction in flying hours for the pilots, and a loss of overtime. As a result, he said, the pilots had been instructed not to work with any pilot recruited after the middle of December.

Mr. Mark Young, general secretary of the British Airline Pilots Association, said that he had no knowledge of any dispute involving his members.

Dockers at two ports accept guideline offers

MORE THAN 3,800 dockers in two of Britain's major ports indicated yesterday that they were prepared to go along with the Government's 10 per cent. ceiling for pay increases this year.

At Hull, about 2,000 dockers agreed outright to accept a pay offer within Government guidelines rather than pursue threats of industrial action in support of their original claim for a 65 per cent. rise to give a basic £105 a week.

A mass meeting of dockers in Southampton decided not to fight a 10 per cent. offer from their employers. But shop stewards said the deal would not be completed until a container manning dispute was settled.

The two results of mass votes follow recent acceptance of a 10 per cent. settlement by Bristol dockers, who are also negotiating a self-financing productivity deal.

● A dispute which led to withdrawal of labour yesterday on about 30 cargo vessels in Liverpool docks is to be referred to the standing sub-committee of the local port employers association to-day.

The committee, which acts as the port's official arbitration service, will discuss the dispute following rejection by shop stewards of independent arbitration.

The strike by 4,500 dockers, employed by the Mersey Docks and Harbour company, is the first major strike in the Liverpool docks for four years.

Industrial action spread this week in support of 450 colleagues who walked out three weeks ago in a row over re-allocation of work.

Print workers paid £7 more

MORE THAN 1,000 members of the National Graphical Association employed by 150 printing companies have received pay increases of up to £7 a week, says the union journal, Print.

Claims for this amount are said to have been met by many employers for those who have been receiving less than £55 a week gross for a standard working week, excluding overtime.

The union is also expected shortly to draw up a claim for national negotiations with the British Printing Industries Federation and the Newspaper Society, ahead of its April pay anniversary date.

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The Property Market

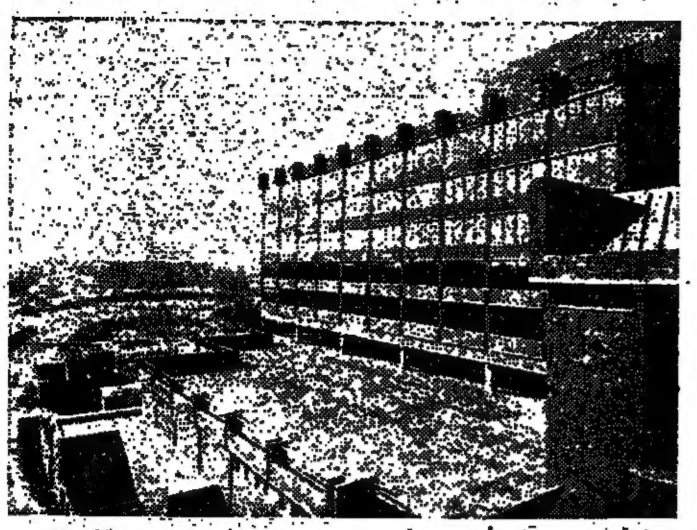
BY JOHN BRENNAN

Persuading Diners Club

Nine months after completion of the 47,000 sq. ft. Kingsmead House offices in Farnborough, Hants, English Property Corporation has found a tenant for the whole block. But in tempting Diners Club, the international credit card operation, from its Oxford Street headquarters, EPC has had to throw in a rent-free period and fitting-out concessions worth £200,000—the equivalent of a full year's rent.

Diners Club will make a phased move into the Farnborough offices over the next ten months, by which time telephone and computer services should be fully operational. A spokesman for the credit card group explains that EPC has granted a rent-free period until June 24 on the 25 year lease. This, along with EPC's contribution towards fitting out costs will save Diners Club £200,000, twelve months rent at the agreed £4.50 a sq. ft.

The move will leave Burton Group with 28,000 sq. ft. to fill in its Oxford Circus block at 214 Oxford Street this autumn. The loss of London jobs will be counter-balanced by 200 new jobs in Farnborough, and around 100 of Diners Club's key London staff are expected to make the move with the firm.



Kingsmead House, Farnborough—let for £4.25 a sq. ft.

Diners Club hopes to sub-let the 9,400 square feet first floor of its new H.Q. on a five-year lease. Its ever expanding staff is expected to take up this surplus space at the end of the five years. Healey and Baker and Hillier Parker May and Rowden, the joint letting agents, are being retained to handle the sub-lease.

The move fills EPC's Kingsmead Centre, a scheme started in association with the Farnborough Urban District Council in 1972. A 40 shop centre below the offices has been fully occupied for some time and, allowing for ground rents on the 125-year council leasehold, gross income from the whole scheme is likely to be worth around £350,000 a year to EPC, giving the centre a current market value of perhaps £5.5m. to £6m.

Sixfold increase in rent disputes

Fighting rent reviews is becoming an increasingly popular form of landlord-tenant relations, and an increasingly profitable area of professional advice for agents.

Confirming the trend, 1978 opens with news of a spectacular rent review battle. Shareholders of the industrial property group Evans of Leeds were told earlier this week that their Walton Works property in Liverpool had been the subject of rent negotiations since the £90,000 a year lease of GEC's subsidiary, English Electric Company, expired on October 1, 1976.

Evans asked for a major upgrade in rents, English Electric objected. Negotiations over the 60 acre site, which includes 1.34m. sq. ft. of buildings and which was bought by Evans for £1.9m. in September 1975, struggled on until an arbitrator was called in. Mr. Jeremy Weston, of Manchester agents Dunlop Heywood, acted as the independent assessor, and now Evans and its tenant have agreed a new rent of £515,000 a year.

That impressive rental leap is backdated to October 1976 and means that Evans has had the pleasurable task of re-stating its previously reported half year pre-tax profits to the end of September 1977 from £479,900 to £692,400. Additional back rent of £212,500, arising in the 1976-77 financial year, will be treated as an exceptional credit.

The increased rents helped Evans' shares up by 1p this week to 197p, nearly three times net assets on a conservatively, mainly 1970, valuation. For the market as a whole Evans' amicable battle with English Electric underlines the ever rising value *of the stakes in rent review* disputes.

The Royal Institution of Chartered Surveyors, which is normally called in to nominate an independent arbitrator in rent review arguments, reports a sixfold increase in arbitration applications since 1973.

In 1973 only 503 applications were made. But the end of the commercial rent freeze unlocked a flood of disputes and in 1975 1,564 rent reviews were brought to the Institute. This post-freeze boom has been maintained and last year just under 3,000 calls for an independent voice were made. Many of these applications are settled before an arbitrator is nominated. But applications do indicate the steadily rising tide of disagreements as tenants become increasingly reluctant to automatically accept a landlord's view of rent increases.

Leonard Burt

Royal Liver Friendly Society and its property agents, Goddard & Smith and C. B. Corden, hope to avoid spending any money refurbishing the ground floor and first floors of Liverpool's Royal Liver Building.

The Society is spending £6m. over the next two years creating 265,000 sq. ft. of modern office space in the 67-year-old building's 15 other floors. But it is now asking for potential users with the finance to carry out their own refurbishment work on the block's 35,000-sq.-ft. ground floor and its 30,000-sq.-ft. first floor.

The society's problem is that 24-foot ceilings on the ground floor, and over 20-foot ceiling heights on the first floor, will not easily convert to modern office use. As there will be around 2,600 people working in the upper floors when refurbishment work is completed, the society hopes to attract ground and first floor users able to serve a captive office population—and able to pay for conversion work to sports use, shops, a trade exhibition or whatever in return for concessionary leases.

Bovis Construction started work on the internal rebuilding last September and most of the former tenants—paying up to £2.75 a sq. ft. in this warren of a building—have now moved out. Royal Liver is to keep three floors of the block, the rest will start to come on to the letting market in two years' time.

Rush & Tompkins raises £3.8m.

Rush and Tompkins Group has sold its 13 acre industrial estate at Sevenoaks, Kent for £3.8m.

Neither the group nor its advisers, King and Co., are willing to name the "major pension fund" purchaser. But market sources strongly suggest that the Post Office's pension fund has acquired the 175,000 square feet of industrial space and 40,000 square feet of offices on an initial yield of around 6 per cent.

Contracts for the sale were exchanged at the end of 1977, and the deal is expected to be completed on January 27. Bernard Thorpe and Partners acted for the pension fund.

The estate, one of the group's earliest projects, started more than 15 years ago, falls outside Rush and Tompkins' development funding arrangement with ICI's pension fund and so all the £3.8m. proceeds will be available to reduce group borrowings and finance further schemes. In 1976 net income from Sevenoaks amounted to £220,000. But a small amount of space on the site was not finally occupied until the Spring of 1977. Income from new lettings since 1976, along with a number of short reversions make the initial purchasing yield look deceptively low.

For Rush and Tompkins the sale should cut net borrowings from the net £10.3m. reported in its last accounts, to the end of 1976, to under £7m. The sale also produces a £1.2m. surplus over book value and as the Sevenoaks property shares a common valuation date with much of the rest of the group's portfolio—December 1975—the surplus bodes well for the promised independent revaluation in 1977s accounts.

Last year the directors took the view that the portfolio was worth at least £21m., implying net assets of around £2 a share.

Rush and Tompkins' shares now approaching an all time "high" at 103p, still look more to the vagories of the contracting and building side than to the strength of the asset base.

In Brief . . .

THE property section of Standard Life's managed pension funds is finding competition for ready-made prime property investments too hot. In the £17.7m. fund's latest report Standard Life writes that it is "still confident about the long term prospects for the property investment market" but "we do not think that the present rapid recovery in certain sections of the rental market will be sustained unless there is a real improvement in the productivity of U.K. industry. For this reason we think that prices now being paid for some prime properties are too high." As a relatively small fund Standard's pensions arm is no longer chasing completed properties except in exceptional circumstances. Instead, the fund is looking for the higher yields available on developments.

Norwich Union's £450m. property portfolio gives it far greater buying power in the ready-made market. But here too the mutual group sees overheating in the investment market and plans to maintain its bias towards joint developments with local authorities. With-profits policyholders have reason to applaud this policy. As 21-year reversions fall due and bunch with later, 7 and 5 year reviews, Norwich is reaping the benefits of its post-war property expansion and has been able to add a special bonus for pre-1970 policies to its usual annual bonuses. The special bonus ranges from £10 to £500 per £1,000.

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The latest edition of Allsop's schedule of investment yields puts current initial returns on prime property investments into historical perspective. Multiple shops, bought on yields down to 4½ per cent./5 per cent., are now lower than at any time since 1935 and yield less than prime offices, a common phenomena before offices overlook shops in investment fashion in 1965.

INDUSTRIAL AND BUSINESS PROPERTY

PROPERTY DEALS

£2m. an acre in Birmingham

SCOTTISH EQUITABLE LIFE Assurance has paid the eqivalent of £2m. an acre for a Central Birmingham development site. The insurers, advised by Shipway, Doble and Earle, paid £350,000 to *House of Fraser's* subsidiary, Rackhams Stores, for a 6,500-square-foot site on Birmingham's Temple Row, at the *junction of Cherry Street.*

Conrad Ritblat, acting for Rackhams, have sold the site with planning permission for a 30,000-square-foot office block. Scottish Equitable will use part of the new building as its Birmingham area office. The basement of the new building will be used as an extension of Rackhams' existing store and the remaining space, a 4,500-square-foot banking hall and around 20,000 square feet of offices, will be offered for letting.

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CENTRAL LONDON offices offered for just £1 a square foot are guaranteed to raise eyebrows. In this case the concessionary rent is offered on the first year of a 20 year lease on the former offices of International Printing Corporation's Business Press division at 33-39 Bowling Green Lane, E.C.1. Sole agents, Debenham Tewson and Chinnocks, have been trying to find a tenant for the 44,550 square feet of refurbished space since last summer. But there have been no takers at an asking rent of £3 a square foot.

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THE CHARITIES Property Unit Trust has acquired a prime shop freehold in Winchester for £183,000—an initial yield of 5¼ per cent. Clive Lewis and Partners, acting for Wilkins, the Baker, the leaseholder of 33 High Street, Winchester, acquired the freehold for £80,000 and then re-let the 635-square-foot unit to Combined English Stores' jewellery subsidiary, Collingwoods, on a 20-year, five-yearly reviewed full repairing and insuring basis at £10,000 a year. Jones Lang Wootton acted for the Trust.

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INSTITUTIONAL buying pressure and its effect on industrial property yields is well illustrated by the sale of Phase 2 of Bowater Properties' Hubert Road industrial estate at Brentwood. Last year the 40,000-square-foot warehouse first phase, let to Littlewoods and Debenhams, was sold to Berkeley Hambro Properties to show an initial yield of around 8 per cent.

Now, the 44,500-square-foot Phase 2 has been sold for £980,000 to The Schroder Property Fund for Pension Funds and Charities—an aggressive industrial property buyer this year. The warehousing, let on standard 25 year leases with five yearly reviews, produces £72,000 a year, giving Schroder an initial yield of just 7 per cent. Anthony Lipton and Peter Taylor acted for Bowater and for its project managers, Central and Provincial Management.

●

TOWN AND CITY Properties has let its 12,500 sq. ft. Cobden House offices in Manchester's Market Place to National Employers Mutual Insurance. T & C, represented by Dunlop Heywood, was asking £2.75 a sq. ft. for the air conditioned space. Hamptons, for National Employers, reports that rents were agreed "close" to that level. Hamptons and W. H. Robertson are sub-letting 5,000 sq. ft. of the block and are selling the insurer's 8,600 sq. ft. former offices in Princes Street, Manchester.

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Compter House, 18,000 sq. ft. of multi-occupied offices and home of the "Hole in the Wall" public house on Wood Street, E.C.2, has been sold for £1m.-plus to a private investment group, Barbican Investments. Barbican, originally leaseholders of the block, were advised by Jones Lang Wootton. Weatherall Green & Smith acted for the vendor, a publicity shy life assurance society.

●

LONDON AND MANCHESTER Assurance's Great Sutton Street development, London, E.C.1, has been taken by the international news agency Reuters as its new European Technical Centre. The 67,000 square feet block was built as a warehouse with ancillary offices. But Reuters, introduced by L and M's agents Sinclair Goldsmith, has obtained planning consent for 30,000 square feet of offices, 26,000 square feet of industrial space, a small museum and residual warehousing. Internal additions take the block's total floor area up to 75,000 square feet.

Reuters, which was advised by Matthews and Goodman, will move 300 staff into the building over the next few months. L and M were asking £195,000 a year for the space. But Reuters has been able to get the insurer to pay £150,000 towards fitting out costs and has a phased rent on its 30 year lease. The rent rises from £150,000 in the first year to £160,000 in the second and to £185,000 for the next three years before the first full review.

J. B.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

Seeking new sources of hydrogen

STILL under laboratory investigation at the moment in the U.S. is an idea for the production of hydrogen that would involve dropping water on to molten rock, literally in the bowels of the earth.

The idea, put up by a five-strong team of physicists and geologists at Sandia Laboratories, Albuquerque, New Mexico, shows that there is a long range potential for producing an almost endless supply of the gas in view of the virtually limitless thermal capacity of the magma below the earth's crust.

Hydrogen produced by the technique would be the result of a chemical reaction between water and hot ferrous iron in the magma. Basically, some of the oxygen atoms are pulled from the water molecules, further oxidising the ferrous iron and freeing a portion of the hydrogen atom complement of the water.

The Sandia team have conducted laboratory experiments which show that under ideal conditions (basaltic magma at 1200 deg C) about 3 per cent. of the water would become hydrogen.

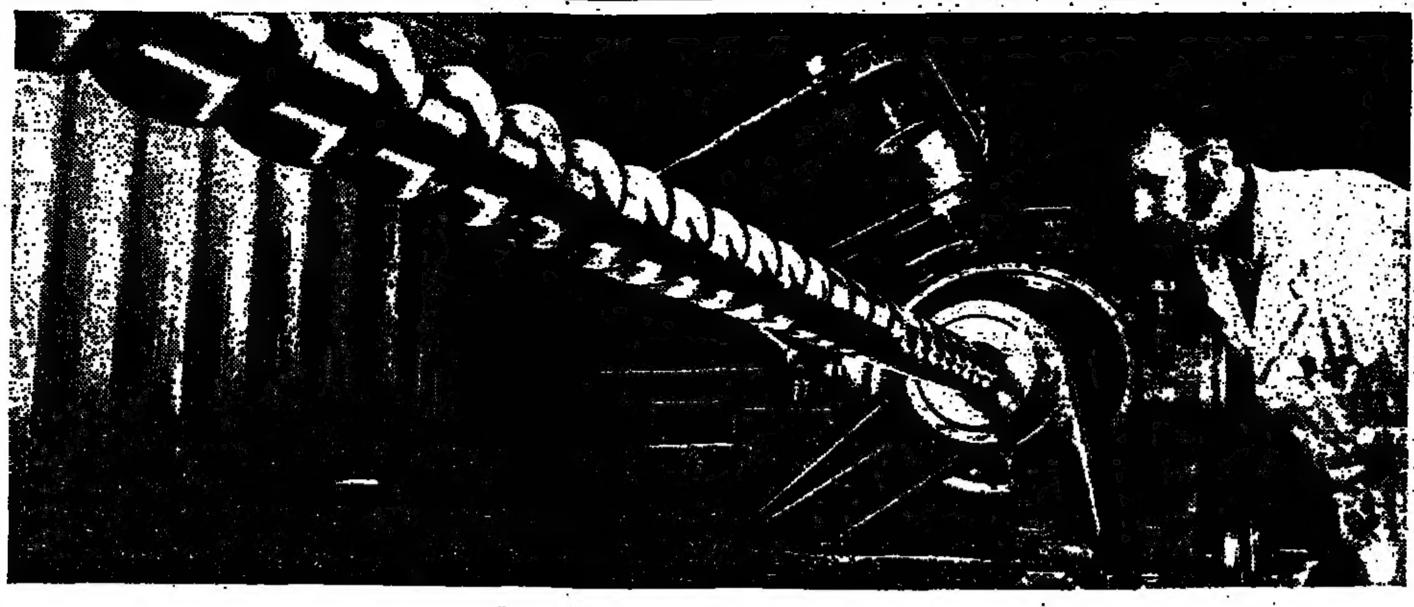
In practice this would mean for example, that 20,000 gallons of water pumped into a magma body each hour would produce about 500 lbs of hydrogen; the remaining water would be converted to steam.

Hydrogen volume will be proportional to the amount of ferrous iron in the magma, the latter ranging from two to 12 per cent.; however, Sandia envisages that output could be doubled or trebled by adding plant cellulose—readily available on land in the form of sewage sludge, straw and stalks from harvested crops and bagasse from sugar cane; off-shore, seaweed would be suitable.

Cellulose contains a high percentage of hydrogen which would be freed during the reaction. At 1,300 degrees C water containing 10 per cent. of this "biomass" would produce gases containing 10 per cent. hydrogen, 4 per cent. carbon dioxide, 1 per cent. monoxide and a trace of methane.

Sandia admits that depth of burial of useable magma chambers is a serious obstacle to implementation; however, some are within 6,000 to 10,000 feet of the ocean floor and "should be reachable with nominal extension of current drilling technology."

The long-term demand for hydrogen as a fuel might well make such projects viable.



This is one of the most complex preplasticiser screws yet machined by British Industrial Plastics (Turner & Newall) for its Bipel injection moulding machines. It is 2.5 metres long and will be used in a vented barrel assembly designed for processing hygroscopic polymers such as nylon, acrylics and ABS. At its Sutton Coldfield, West Midlands, factory, BIP is equipped with six lathes to machine the screws for its whole range of machines. The company says new processing developments such as vented barrel techniques, can more easily be progressed with the aid of specialised screw-cutting lathes, the largest of which is shown here.

● SECURITY

Would-be intruders kept out

AN electronic push-button door locking system put on the market by Microbourne of Sheffield requires no modification to the existing mechanical lock and may be easily fitted to a door which is in use in about an hour by the average handyman.

There are three components: a numerical keyboard which is mounted outside the door, a control unit mounted inside, and an electric release fixed in or on the doorframe.

The user can continue to unlock the door with a key, or may deadlock the bolt so that the key is inoperative, access then being gained by entering the code at the keyboard. The code may be changed as often as desired, either by thumbwheel switches behind a lockable plate or on other models by removal and replacement of a sealed code plug containing an integrated circuit.

Control units can be fitted with a number of options including a remote alarm to warn of tampering with the lock, battery standby to guard against mains failure, and a rugged enclosure. Keyboards can be normal push-button, water resistant if desired, or touch sensitive with no moving parts. More on 0742 333729.

● SHIPPING

Cuts ship's fuel costs

A MAJOR fuel-saving ship propulsion system has been developed by combining a new diesel engine, turbo-generator and steering system.

Main component of the system, which is claimed to save up to 30 per cent. in fuel costs, is a twin-bank low-speed two-cycle crosshead diesel engine, developed by Hitachi Zosen, of Japan, in collaboration with Burmeister and Wain, of Denmark. The Japanese company is licensed to produce the Danish diesel engines, but this project, although based on the B and W type engine, was initiated by Hitachi.

Unlike conventional low speed engines, the twin bank diesel has a reduction gear. The two banks of cylinders are mounted on a common bedplate, and the engine drives a larger than usual diameter propeller at a lower than usual rpm. This gives the ship greater propulsion efficiency, while reducing propulsion horsepower and fuel consumption requirements.

It runs on low grade fuel oils —important now that higher grades are rising in price and becoming difficult to obtain—and needs less lubricating oil.

The turbo-generator developed by the Japanese firm uses steam (produced by heat recovered from the main engine exhaust gas) at about 30 psi instead of the usual 100 to 115 psi. The main engine's supercharged air and cylinder cooling water are used for heating the boiler feed water, for further economy. Output ranges from 600 to 1,500 kW.

Using single loop steering gear from John Hastie and Co., of the U.K., and an auto pilot system from Decca Arkas A.S., of Denmark. Hitachi Zosen has produced a new steering system.

By introducing a combination of a torque motor and a servo valve with high accuracy and sensitivity, this system allows fast and direct control of steering gear, eliminating the dead band found in conventional steering systems. This means the new system gives faster, smoother rudder response as well as better course stability under fine rudder control—resulting in reduced propulsion horsepower loss and fuel consumption.

The larger diameter propeller that can be fitted with the twin bank engine also improves manoeuvrability, as it allows shorter stopping distances and more rapid change from ahead to astern.

To match the improved propulsion efficiency provided by the large diameter slow-rotation propeller, hull resistance has also been reduced by the introduction of a new bulbous bow construction.

Hitachi Zosen expects that the whole system will help reduce fuel costs by 10 to 20 per cent. from reduction of required propulsion horsepower; 5 to 7 per cent. from recovery and recycling of waste heat; and 3 to 5 per cent. from minimising the loss of propulsion horsepower, to make a total saving of about 20 to 30 per cent.

The Japanese company has a U.K. office at 77 London Wall, London, EC2N 1BQ (01-588 3531).

● METALWORKING

Advising Japanese steelmen

DESIGNS AND operating know-how to build and instal a two-strand horizontal continuous casting machine using Davy-Loewy technology will be supplied to Nippon Kokan KK, the Japanese steel producing company, following an agreement with Davy-Loewy Research and Development Centre, Bedford.

Under the agreement NKK will build at its Fukuyama Works a two-strand machine to cast carbon steel billets in sizes ranging from 75 to 110mm. square. Most of the machinery will be made in Japan by NKK, but certain critical items, including the computer control system, will be supplied from the U.K. by Davy-Loewy.

Following satisfactory operation of the machine at Fukuyama, the two companies will complete a licence agreement under which they will supply Davy-Loewy horizontal continuous casting machines to other steel producers in agreed territories throughout the world.

The U.K. company has been developing the technique for some years and the programme has included the operation of a pilot machine in one of Davy's foundries. Initial work was backed by financial support from the National Research and Development Corporation.

Making use of this accumulated technology on continues casting, NKK will operate the new horizontal machine at Fukuyama to establish commercial production operating parameters for a multi-strand machine.

More from Davy International, 15, Portland Place, London, W1A 4DD (01-637 2821).

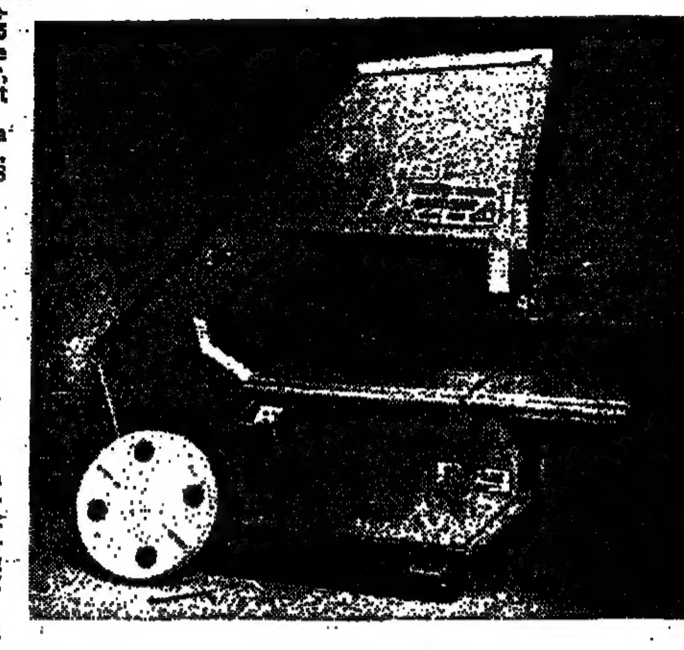
Harbour study for Philips

A YEAR-LONG study worth 3.6m. guilders is to be undertaken by Philips into the task of replacing the present shore-based radar chain covering Rotterdam's harbours, installed in the 1950s.

The company has been asked to draw up a pilot system specification. After that experiments will be conducted into the best way of guiding shipping using the system so that ultimately the method chosen will ensure safe and efficient operation.

Attention will be paid not only to the safety of shipping but also to the many associated services and companies involved including the harbour authority, tug services, ship owners and freight carriers.

The company is in addition to look at the problem of discriminating between the radar returns from ships and buoys and those from waves and other objects. Studies will also be made into the automatic tracking of vessels using radar, and the transmission of radar data over narrow bandwidth media such as telephone lines.



Two-speed bandsaw

LATEST IN the range of bandsaws from Burgess is capable of cutting a variety of materials including wood, aluminium, mild steel and plastics. It has a throat depth of 12 inches.

Two speeds are available on the machine, which is of the three wheel type. To change from one speed to another takes about five minutes and involves fitting a different wheel and drive belt. The maker says that by using this method instead of providing a motor which runs at different speeds the price has been kept down to about £85. The whole unit is only about 22 inches high.

The company has also introduced a conversion kit which can be fitted to earlier models to provide two-speed operation. The kit includes three running wheels and bearings, two belts and a motor pulley (plus full instructions).

With the two-speed machine, and the conversion kit, sanding/finishing belts can be used. A medium grade belt is supplied as standard and two other grades are available.

More from Burgess Power Tools, Sapcote, Leics., LE9 6JW (045527 2292).

● COMPUTING

Peripherals link-up

ADP NETWORK is the first company in Europe to attach BASF peripherals to DEC System 10s. It has installed, at its U.K. bureau, BASF's tape drives on four PDP 10 mainframes. The BASF equipment consists of four 6356 tape drives with 6250 bpi (IBM equivalent 3420 model 8) and two 6050 control units (equivalent to 3803/2).

Making the link-up possible is a "black box" called an SA 10 which was built by Systems Concept of California. The SA 10, which is the equivalent of IBM's block multiplexor channel, can also plug into a DEC System 10. It can handle four IBM-style devices simultaneously, two high and two low speed—such as two disc drives and two line printers, for example.

BASF (U.K.), Haddon House, 2-4 Fitzroy St., London W1P 5AD.

Network for Shell

TWENTY DEC minicomputers are to be used by Shell to provide automation of administrative procedures at over 60 distribution depots in Denmark, Finland, Norway and Sweden.

SPL International is to develop the application software and implement the pilot scheme in Stockholm.

Major functions to be covered include customer identification and order-taking, vehicle despatching and printing of documents, invoicing of cash deliveries, trip confirmation and reconciliation, cash collection and credit control, and the recording of product movements.

Depots will have PDP 11s and will be autonomous, with local data bases, dedicated visual display units and printers. The data captured at the 200 display units in the network will be transmitted to other PDP-11 machines at Stockholm and Helsinki which will form interfaces with existing IBM mainframes. SPL is on 01-636 7833.

Handles advertisements

TRIDENT Television now has a Honeywell Level 66 computer at its Leeds offices which will handle advertising bookings for its Yorkshire and Tyne-Tees independent television stations.

The system is similar to one recently introduced by Thames Television for the same purpose which utilises a specialist applications package marketed by Enterprise Air-Time Systems of Thames Ditton, Surrey.

The full configuration, which will replace the existing ICL 1901T previously used for routine administration purposes, consists of 66/05 central processor with 192k of memory, four disc drives, three tape units, a 1,200 lpm printer, a 1,050 cpm card reader and a Datanet communications processor. Terminal clusters in Trident's London offices will be linked on-line to the main frame in Leeds. Honeywell is on 01-568 9191.

Powerful sorting

INTRODUCED into the U.K. by Interdata (part of Perkin-Elmer Data Systems) is a sort/merge software package described as "one of the minicomputer industry's most powerful."

The 32 bit architecture can, claims the company, significantly increase the efficiency of sorting by permitting up to one megabyte of in-core work space. Called Sort/Merge II, it is suited for users of large file data applications needing high performance.

With object code distributed on magnetic tape and disc media, the package includes a variety of facilities including an unlimited number of keys in mixed sequence, multiple input files, IBM and ANSI standard labelling/blocking, together with computational, display, packed decimal and floating point key fields.

More from the company at 227, Bath Road, Slough, SL1 4AX (Slough 34511).

THE telephone number given for enquiries about Microsystems '78, a seminar to be held in February at the West Centre Hotel in London is 01-261 8738. It is regretted the wrong exchange number was quoted in our report on this page on January 3.

● INSTRUMENTS

Remembers microwave spectra

LATEST microwave spectrum analyser from Tektronix makes use of a microprocessor for ease of operation and adjustment and has a split level digital storage system to allow the instrument to remember and compare spectra.

A high stability phase lock system yields a resolution of 30 Hz at frequencies up to 12.5 GHz, while external waveguide mixers extend the overall range to 60 GHz. Response flatness is 3 dB so that relative amplitude measurements can be made with confidence when operating with waveguide mixers. Absolute amplitude measurements can be made up to 18 GHz.

Digital storage provides flicker-free displays at the lowest sweep speeds with fine detail and unlimited storage time for subsequent viewing, comparison or easy photographic recording. The split level memory provides comparison of a reference with an existing spectrum or a calculated display of the difference between two spectra. The store is also able to retain maximum value reached.

The processor provides automatic resolution and sweep time/division modes to optimise setting up of the display and prevent many potential operator errors. Furthermore, in the manual mode any combination of control settings which results in an uncalibrated display will light an "uncalibrated" warning lamp.

The instrument, designated 7L18, has been designed for ease of service with all minor adjustment controls accessible from the top of the unit. Various parts are hinged for simple access.

Applications include microwave relay servicing, satellite work, frequency management and microwave component manufacture.

More from Beaverton House, P.O. Box 69, Harpenden, Herts. (05827 63141).

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The Management Page

EDITED BY CHRISTOPHER LORENZ

John Lloyd describes the painful birth pangs of the Post Office's experiment with worker-directors and weighs up the chances of success

Posting workers to the boardroom

FROM THIS month on, the Post Office will be directed by a Board on which workers are equally represented with management. For everyone involved, but especially the unions, it is a leap into a profound darkness.

They are taking the leap for a mixture of reasons and of motives—in part idealism, in part to increase their power, in part because they have been prodded from above, in part because they are fearful of missing out on what might be a good thing. The tortuous negotiations among the unions to finalise the arrangements for representations—which are still going on after more than two years—reflect all of these elements.

The negotiations have been unusual in that there has been no external enemy—in the shape of management or government—which could act as a focus for the unions' demands. They have been on their own; and the arrangements they have produced for their side of the board are the product of a struggle which is bound to be repeated, probably in rather similar forms, throughout the nationalised industries, as they move towards industrial democracy *on their* boards. So it is particularly important to examine what has governed these negotiations, and what results they have produced.

As the illustration shows, the composition of the board is *broadly similar to the Bullock* Report's "2x + y" formula, though it was developed separately from Bullock, the two sets of deliberations taking place in parallel. As in the Bullock approach, the two "x" components have each been put forward by the management and union sides, by appointment and election respectively. These have had some say in the choice of the "y" (independents).

The Bullock approach was for the management and union sides to select the independents. But in the PO's case, the ultimate responsibility for the appointments rests with the Secretary for Industry, in order to allow him to fulfil his responsibilities for the PO to Parliament. The names of all the new members were finally announced by the Government on Wednesday.

The idealism which underpinned the experiment had its immediate source in Mr. Tony Benn, Secretary of State for Industry until mid-1975, and Mr. Norman Stagg, deputy general secretary of the Union of Post Office Workers.

Soon after Mr. Benn was appointed to Industry in 1974, he was invited to the UPW's headquarters in Clapham to address the union's executive. After he had finished his address, Mr. Stagg asked him: "Will the Labour Government now conduct an experiment in industrial democracy within the Post Office?" Mr. Benn replied that he would be happy to receive the executive council's proposals.

For Stagg, the request for proposals was a considerable breakthrough. Industrial democracy had been an article of the UPW's constitution since its formation in 1920, and the union had made a variety of initiatives to try to make their words flesh.

Final click

But by 1974, with a new Labour Government and a TUC both formally committed to industrial democracy, the context was right, and Mr. Benn's encouragement the final click of the combination.

So much for the idealism: the horse-trading now took over. First, the UPW was careful to secure the co-operation of the Post Office Engineering Union—between them, they account for over 80 per cent of the corporation's labour force.

The proposals which they agreed were, in their basic premise, those which had been UPW policy for years: the union representatives and the management should have equal representation on the policy-making board. Below that, there was to be an executive board on which the management side alone would participate. The main board arrangement would be paralleled by regional and local area boards, similarly balanced.

That was the skeleton agreed at both the UPW and the POEU conferences in 1975. From there, it went out to the other unions, affiliated to the Council of Post Office Unions, for their consideration. Effectively, however, UPW/POEU endorsement meant that the union side had spoken.

The complex interaction between the corporation, the government and the unions which has taken place since owes much of its origin to these two facts: that a reforming Minister and a radical trade union leader agreed on an initiative at a propitious time—and that that initiative was endorsed by two industrial unions which all but monopolise their industry's labour.

The Post Office Board did not take to the new idea at once. A number of its members—now retired—regarded it as little short of syndicalism. But under Government pressure it bowed to what it realised was the inevitable, and negotiated hard on the original 50-50 plan put forward by UPW/POEU. It managed to have it changed significantly by agreeing with the unions that there should be an independent element of around four part-timers who would be appointed with mutual consent.

Apart from its moral impetus, the Government has, for much of the time, played the role of an interested but polite observer, anxious to see a good settlement, more than willing to look the other way when there are inter-union disputes, constantly stressing its lack of involvement. But it has had to become involved: first, to propose that there should be seven management to seven worker-directors, in an attempt to give all the unions at least part of one seat; and second, to bump up the number of independents to five, with a provision that two of them should represent the consumer interest.

This last provision was something of an afterthought, which had little to do with unions or government. It was a Liberal idea, and one of the early fruits of the Lib-Lab pact.

The appointments have been handled in a somewhat innovatory fashion. Partly to please the Liberals, who had in turn been pressured by the National Consumer Council, the Department of Industry threw the posts open to public application, instead of just relying on the book of the great and the good—and attracted some 1,500 applications. In the event, only one public applicant was chosen: Mrs. Janice Walsh, who also turns out to be a professional consumer representative. The other consumer director is to be Lord Winstanley, a Liberal Peer.

Whether there will be any relationship between the long-established statutory consumers' body, the Post Office Users' National Council, and these representatives has still not been determined. It will certainly be a blow to the Council's prestige if the consumer directors have no link with the organisation which is supposed to perform a similar function to their own.

But it was the unions who *have been required to make the* running. For much of the last year, they have grappled with the problem of representation. At its root is the difficulty of reconciling the need to make the number of worker-directors roughly consonant with the strengths of their unions (to each according to its members) and the need for all unions to get at least *some* representation.

The parameters of the problem are these: the two largest unions—and the co-creators of the idea in the first place—are the UPW and the POEU, with 200,000 and 125,000 members respectively. A poor third is the *Civil and Public Servants* Association, with over 30,000 Post Office members, mainly in the clerical grades.

Real life

Three management unions—the Society of Post Office Executives, the Post Office Management Staffs Association and the National Federation of Sub Post Masters—have 20,000 members each. The other two management unions are the Society of Civil and Public Servants, with 7,000 of the senior management, and the Telephone Contract Officers Association, with 1,000 members.

So there are eight unions, and seven seats. One approach might have been to give each of them a seat except for the Contract Officers, which is the smallest and apparently not much concerned about industrial democracy anyway. But real life is not so simple. For the UPW and the POEU both insisted that their size meant they must have two seats each. The CPSA then said it must have one. From an early stage in the negotiations, it became clear that what was at issue was how to fit the five management unions into two seats, without the whole experiment breaking up in rancour.

It has been close to doing so on several occasions. The arguments have been complex: but the root cause has been the struggle between the skilled workers' unions, which have stood firm on commanding a majority on the Board, and the management unions, especially the SCPS, which have resented blue-collar domination and fought hard against it.

The compromise formula which has finally been adopted—with the help of Mr. Len Murray, who was asked to intervene—is based on the "constituency" solution—that is, that one seat is shared between a number of the smaller unions, and the holder of the seat represents his own union and one, or even two, others. So, the SPOE, the Sub Post Masters and the Contract Officers share one seat, while POMSA and SCPS take another.

The management unions are not able to argue that they have been unfairly treated, if simple numerical criteria are used. They would agree with Mr. Stagg's comment, made at one of their lengthy bargaining sessions, that if board seats went purely by the size of the unions, the UPW/POEU would deserve even more seats than they have asked for.

But for the management unions, industrial democracy is not an unalloyed blessing. Many of their members are already privy to the matters which will be discussed on the board: and they are at best ambivalent about taking policy directions from the representatives of those they are accustomed to direct.

Their arguments have tended to stress (a) that since the worker-directors are not to be mandated by their unions, nor are they expected to represent them, there is no need for larger unions to have larger representation, and (b) that without a full seat on the Board, their members will feel alienated from the experiment. This second point is strengthened by a further, subsidiary argument which suggests that alienation would be a bad thing for key executives to suffer.

The experience of the Post Office unions suggests that this white-collar/blue-collar argument will repeat itself throughout the nationalised sector: in much of which the ratio of blue- to white-collar workers is higher than in the PO.

What, then, after all the negotiations and horse-trading, are we left with in the way of a Board for our largest nationalised enterprise? And will it work?

It is 19-strong — seven "management directors," seven worker directors, and five "independents" (of whom two will represent the 30m.-odd customers of the Post Office). Its chairman will be one of the management directors, and all of its members will sit at the theoretical pleasure of the Secretary of State for Industry, as before.

Beneath the Board, the executive structure will remain largely unchanged. A committee composed of management members of the Board and their deputies meets at least monthly to discuss the broad principles of how Board decisions are to be executed. As the diagram shows, decision-taking beneath this level is devolved immediately upon the different businesses, which in their turn devolve to regional and then to area level.

The experiment is initially confined to the five postal and five telecommunication regions shown above, plus Northern Ireland, which is a combined Board.

It is intended to fit industrial democracy into this structure, at regional and area board level, without disturbing the edifice as a whole. Negotiations among the unions will determine the shape of the boards: the attitude of line management and union activists will determine their effectiveness.

Grass roots

Inter-union negotiations about which of them gets how many seats at regional and local level will go on for some weeks yet. They will play a key role in mobilising support for the experiment at the grass roots, and are seen by many as at least as important as were the arguments over the composition of the main board.

It must be said that few of those involved in the experiment face it with inflated idealism: the determination expressed officially to make it work sometimes takes on a grim aspect. Yet it would seem to have a number of elements in its favour.

First, the unions have succeeded, in an uncharted area, in constructing a framework for workers' representation which has the approval of the strongest unions and the acquiescence of the weaker. Second, the management side has a number of youngish, recent appointments—notably Mr. Peter Benton, head of telecommunications, and Mr. Frederick Waterhouse, board member for finance—who, like the new chairman, Sir William Barlow, have come in to the corporation determined to view the new-style board as a challenge, rather than a burden.

Third, and initially most important, the experiment begins on the base of a history of comparatively good industrial relations, which—as Mr. Tom Jackson of the UPW likes to emphasise—has included redundancy agreements.

Finally, the idea has some powerful backers. There is Mr. Stagg, supported by Mr. Jackson, his general secretary, at the UPW: and Mr. Brian Stanley, general secretary of the POEU, whose power within the Labour Party has increased since his assumption of Mr. Alex Kitson's job as chairman of the organisation sub-committee. There is Mr. Tony Carter, secretary general of the Council of Post Office Unions, whose diplomatic skills have held the negotiations together.

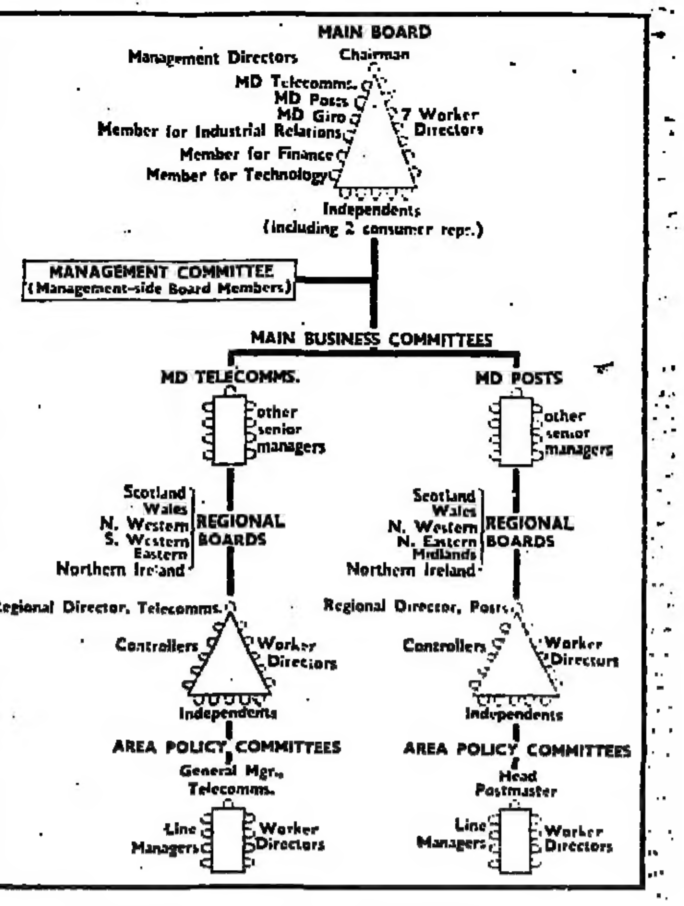
On the government side, there is Mr. Gerald Kaufman, the Industry Minister with responsibility for the public sector. On the Post Office Board, there is Sir William Barlow, who has taken every opportunity, private and public, to underscore his commitment to the scheme.

But there are two fundamental dangers, which the sceptics on both sides of the experiment have emphasised. Many managers below the very top level suggest that the board will be effectively prevented from doing its work because it will become an arena for confrontation, with the worker-directors treating the board merely as an extension of collective bargaining.

Those in the unions who are cynical about industrial democracy — and once again, there are more than a few — forecast that because the worker-directors have little experience of evaluating and deciding on immensely costly projects (the telecommunications business spends around £3m. a day), they will be railroaded by those who do have the experience, and will be reduced to rubber stamps, figureheads without authority.

The net result of either of these forecasts would be that Board meetings could degenerate into drawn-out wrangling sessions, and the effective decisions would be taken by an executive which was not much different to the one which exists now, except that its efficiency would be decreased. The obvious danger would be that the management committee would informally upgrade itself to take certain decisions which would previously have gone to the Board.

These dangers are both clear and present, and the enthusiasts for the experiment will require all their reserves of skill and persuasion to avoid them. Their responsibilities are increased by the knowledge that the Government's hopes for similar experiments throughout the public sector depend to a considerable extent on the success of the trial run at the Post Office.



How the new power structure looks—on paper

How the unionists see their work

AS "PART-TIME" members of the Board—as they are designated for payment purposes—the PO's new worker directors are entitled to salaries of £1,000 a year. But the unions decided, at a comparatively early stage, to forgo this statutory munificence in favour of retaining as complete an independence as possible from the corporation.

Nor are the worker-directors really "workers," in the sense that they spend most of their time doing a job for the Post Office. Mr. Fred Moss and Mr. Ivan Rowley, the UPW board members, are full-time union officials, being respectively treasurer and organising secretary. The same is true of Mr. Peter Shaw, one of the POEU members, who is his union's research officer.

Mr. Arthur Simper, the other POEU member, is a member of the union's executive, and spends much of his time on union business. Miss Nina Williams, of the CPSA, Mr. Robert Thomas, of SPOE, and Mr. Ron Barrett, of POMSA, are similarly placed.

None of them, then, is a stranger to committee rooms and bureaucracy. But their lives will change, for all that.

The Post Office Board meets on the fourth Tuesday of every month, usually for a day. There is no iron law about the frequency of its meeting, and it may be that the chairman, Sir William Barlow, will want to increase it. Board attendance, however, will be the least of the worker-directors' duties.

Complex

If they are to make an effective contribution to the Board, and assure their executives and rank and file members that they are doing so, they will have to master a wide range of complex technical and financial data. The questions which currently face the Board are both urgent and difficult.

It will have to deal with the thorny problem of "System X", the new computer-controlled exchange system which is being developed by the Post Office and the major telecommunication suppliers. The rate of development has been slow, and the future production difficulties will be enormous.

The Board will have to take a decision on postal rates, which in turn depend partly on postmen's salaries (an early possibility of a severe conflict of interests). In the third business, Giro, the question of whether or not to merge with the National Savings Bank has not yet been faced.

Proper consideration of any of these problems, as well as the host of more routine ones, will require study of a welter of documents, both plans and past history. The unions have geared up their research effort to help the new members to cope, but the burden on them will be great, all the more since for the present at least, they will all be required to carry on with their union responsibilities.

Promised

The Post Office will provide them with desks and telephones, secretarial assistance and cars when required, as well as expenses. The worker members have been promised access to all information open to members from the management.

All of the union members have been elected for the two years duration of the experiment: if it becomes established practice, then the unions will have to consider fresh elections. For the moment, they will keep a rein on their members by having them report annually to the union's conference, and from time to time (varying with each union) to the executive committee.

But they will not be mandated. Mr. Norman Stagg of the UPW likens the relationship he hopes to see develop to that which exists between the union and its sponsored MPs. The MPs are regularly informed of union policy on relevant matters, and expected to bear it in mind. They are not told what to do or how to vote.

Whether or not that ideal relationship can be struck with men and women whose position or livelihood or both depends on the union remains to be seen. Clearly, it will mean a fair amount of self-denial on the part of the unions' executives, especially if they see their members acquiescing in decisions which are taken in the Post Office's interests, but which contravene those of a particular union.

LEGAL NOTICES

No. 003691 of 1977

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION GROUP A

MR. REGISTRAR DEARBERGH

IN THE MATTER of THE INTERNATIONAL MUTUAL STRIKE ASSURANCE COMPANY (BERMUDA) LIMITED and IN THE MATTER of THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that by an Order dated the 19th December 1977 made in the above matters the Court has directed separate Meetings [illegible]

Any person entitled to attend the said Meetings can obtain copies of the said Scheme of Arrangement [illegible]

THE SAID MEMBERS MAY VOTE IN PERSON AT SUCH OF THE SAID MEETINGS AS THEY ARE ENTITLED TO ATTEND OR THEY MAY APPOINT ANOTHER PERSON, WHETHER A MEMBER OF THE CLUB OR NOT, AS THEIR PROXY TO ATTEND AND VOTE IN THEIR STEAD.

[illegible]

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

THE SCHEDULE

Particulars of class meetings ordered to be convened	Time appointed for Meeting on Monday the 20th February 1978
1. 1969 Crew Risk Members	10.00 o'clock in the forenoon
2. 1970 Crew Risk Members	10.05 o'clock in the forenoon or so soon thereafter as the preceding meeting shall have been concluded.
3. 1971 Crew Risk Members	10.10 o'clock in the forenoon or so soon thereafter as the preceding meeting shall have been concluded.
4. 1969 Shore Risk Members	10.15 o'clock in the forenoon or so soon thereafter as the preceding meeting shall have been concluded.
5. 1970 Shore Risk Members	10.20 o'clock in the forenoon or so soon thereafter as the preceding meeting shall have been concluded.
6. 1971 Shore Risk Members	10.25 o'clock in the forenoon or so soon thereafter as the preceding meeting shall have been concluded.
7. 1969 Dual Risk Members	10.30 o'clock in the forenoon or so soon thereafter as the preceding meeting shall have been concluded.
8. 1970 Dual Risk Members	10.35 o'clock in the forenoon or so soon thereafter as the preceding meeting shall have been concluded.
9. 1971 Dual Risk Members	10.40 o'clock in the forenoon or so soon thereafter as the preceding meeting shall have been concluded.

DATED the 21st day of December 1977

Richards, Butler & Co.,
5, Clifton Street,
London EC2A 4DQ.
Solicitors for the Club.

KERRIDGE ODEON INDUSTRIES LIMITED

NOTICE IS HEREBY GIVEN pursuant to [illegible]

Dated this third day of January, 1978.
R. C. OWERS
Kerridge Odeon Industries Limited

PHOTOGRAPHIC WHOLESALERS LIMITED

NOTICE IS HEREBY GIVEN pursuant to [illegible]

Dated this third day of January, 1978.
R. C. OWERS,
Legal Representative
Photographic Wholesalers Limited

LOMBARD

Public spending is *not* well under control

BY PETER RIDDELL

ONE OF the Government's proudest boasts in the past year has been how public spending is now well under control. But this is not really correct. Government expenditure was certainly well below planned levels in 1976-77, and is likely to be again in the current financial year. This is not, however, the same as control; indeed the large gap between projected spending and the outcome has shown how difficult it is to control expenditure in practice.

It can be argued that the current under-spending is not necessarily unhealthy after the earlier excesses and that, anyway, it provides scope for tax cuts, as last autumn. Moreover, some of the margin may only be temporary and represent a once-and-for-all tightening of control.

Growth rate

This is not really the point. Although it may be correct to err slightly in the direction of under-spending, effective control should aim to prevent too large an error either way. Significant under-shooting of planned levels can also affect the level of economic activity as much as over-spending, even if the financial implications of the former are favourable by reducing the borrowing requirement.

The recent underspending has undoubtedly been an important reason for the negligible rate of economic growth. Mr. Terry Ward of the Department of Applied Economics at Cambridge has estimated that Government spending on goods and services in 1976-77 turned out to be 2½ per cent. less than projected even in the January 1977 White Paper—this was equivalent to about ¾ of a per cent. of total Gross Domestic Product and wiped out a lot of the expected growth.

In the current financial year central Government spending covered by cash limits was 3½ per cent. below expected levels up to last autumn. The most serious aspect is that the under-spending has been concentrated on public investment which already accounted for the bulk of the cuts in 1976.

According to Mr. Ward the latest official estimate of public investment in 1977-78 is 6½ per cent. less than projected last April. The implication is that the volume of expenditure on capital projects is now expected to decline by more than 20 per cent. between 1975-76 and 1977-78.

The unbalanced nature of the 1976 cuts—leaving current spending largely unscathed — is privately regretted by many officials, and last October's package included the restoration of some items. Mr. Ward has estimated that spending on capital projects in 1978-79 is now planned to be about 8 per cent. higher than projected in the January, 1977 White Paper. But this is insufficient to offset the reduction of around 9 per cent. below previous plans revealed then. Overall, the latest plans—in the annual White Paper within the next couple of weeks—leave the forecast level of public investment in 1978-79 almost 20 per cent. lower than was intended in January, 1975.

It may be right to have a gradual restoration of the cuts in public investment. But Sir Alec Cairncross raised a valid point in his recent Financial Times article on the outlook for 1978 when he suggested that, "if we are in for a prolonged period of comparatively high unemployment would it not be prudent to review what could be done to add to or improve the stock of publicly-owned assets, especially productive assets, that would improve communications and the supply of energy?"

Better balance

This does not necessarily imply a rapid growth in total public spending, but merely a better balance in which public and private investment increase alongside each other. A return to a higher level of public investment—if necessary at the expense of current spending—would also help to offset some of the disruptive impact of the frequent changes in plan.

It is too much to hope that the cycle of over-expansion and over-contraction of public investment will not recur but 'the extremes could be avoided. As Mr. Ward noted in a memorandum for the Commons Expenditure Committee. "To announce cutbacks in orders and then to restore those cuts in order to alleviate the unemployment caused by the initial action does not appear to be the best way of achieving such gains (to the construction industry's efficiency from continuity of work) or the lower costs which might ensue."

AROUND BRITAIN: MERTHYR TYDFIL

Ready for the worst

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

FOR 491 PEOPLE in Merthyr Tydfil it is rather more than the twelfth day of Christmas, the traditional day on which the decorations and cards are taken down. They will hear whether they have a job to come back to on Monday. The receiver appointed by the Government just 10 days before Christmas will to-day present his report to the Welsh Office on the prospects of saving Tri-ang, the company they work for.

Merthyr is getting rather used to nasty shocks around Christmas time. Towards the end of 1976 Courtaulds closed its hosiery plant, a blow from which the town has still not recovered. Eighty of the 386 people, most of them women, put out of work, have still to find a job. The habit of Christmas closures goes back to 1971, when one of the larger employers, Teddington Aircraft Controls, announced that it was to close, shutting its doors upon 600 employees.

Surprisingly to those whose memories stretch back a long way, Merthyr does not have a particularly high rate of unemployment. In the 1930s the town was one of the blackest spots in Britain, with well over half the men queueing for the dole. Now, the unemployment ratio is 7.1 per cent., about the average for Wales and not much above the U.K. figure.

The 491 at Tri-ang, who have spent a Christmas as depressed as the vile weather which spread itself over the whole of South Wales, might find it surprising that their predicament is little worse, statistically speaking, than that faced by the rest of Britain. What makes their position worse than the bare figures would indicate, though, is that the number of jobs available in the town is very low. Compared with the 1,853 out of work, the number of vacancies is a mere 160—and that includes job opportunities for some highly-skilled engineers, such as tool-room men, who are in short supply throughout the country.

Comparisons with Courtaulds this time last year are only partly valid for the Tri-ang people. Most of the Courtaulds workers were women, for whom it is usually easier to find work. Only five weeks ago Asda opened its first big hyper-market in South Wales outside the town and mopped up 230 people, most of them women. Where the parallel between Courtaulds and Tri-ang comes closer is that both largely employed semi-skilled and unskilled people, and that is where there are great difficulties.

In most of the larger cities it is possible, even in times of relative depression, to find public-sector jobs for the unskilled, such as in public transport or the Post Office. In Merthyr no such opening exists. As the bulk of the Tri-ang workforce is semi-skilled, assembling bikes and prams and scooters, the options open to them are very few.

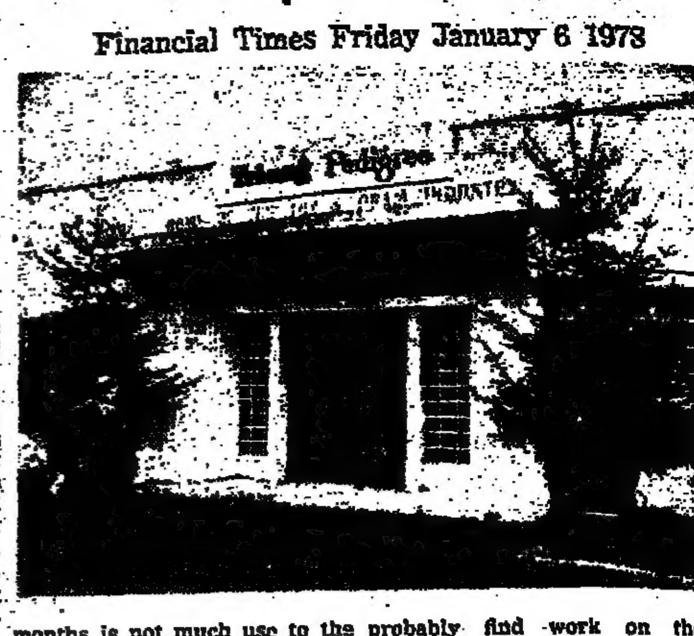
Japanese

The Merthyr Council has managed to turn some of its land to potentially good use. It has created an industrial estate on the south side of town, and there is another being developed by a private firm, Oldway, on the Swansea road. One of the factories on the industrial estate has already been taken: the Japanese are coming. Everyone talks about the Japanese, as if they are going to mop up the whole of the unemployed overnight.

The decision of Sekisui to set up a £2m. polythene foam plant has been grasped as an important straw by just about everyone. But it needs to be seen in perspective. The plant will employ only 30 people to start with, though the number might rise to 60 within three years.

The one big company that most of the jobless and potential jobless pin their hopes on is Hoover. Hoover makes all its washing machines for Europe in Merthyr and now employs 5,200 people, the majority men. Despite the presence of other employers such as Thorn Electrical, the one big employer in the town is Hoover.

Its contribution to the local economy is not merely its size, but also that it is expanding. Many fingers at Tri-ang are being crossed this week in hopes that there will be an opening at the big plant 2 miles down the road. Hoover has been recruiting recently, but the big expansion in its affairs will not be seen in job terms before the second-half of next year. A wait of at least 18 months is not much use to the men and women at Tri-ang.



When that expansion does take place the Government hopes that it will go some way to offsetting the closure of the old Ebbw Vale steelmaking plant. Around 5,000 jobs, all men, will go when Ebbw Vale closes. If the British Steel Corporation is forced to cut back sooner than expected, because of the size of its present deficit, then this part of South Wales will endure its worst unemployment for some time. Before the Great Depression coal and steel gave Merthyr jobs: now both have retreated to almost nothing.

The only alternative is to travel to work. Some men could probably find work on the Treforest industrial estate, about half an hour away, and some in Cardiff, a good hour by public transport. But there is little tradition of travelling far to work in South Wales. Strange as it might seem to the Brighton commuter accustomed to spending up to 1½ hours travelling each way to and from work, Merthyr man does not believe in strap-hanging. The one hopeful note is that Merthyr has faced such situations before and has, gradually, absorbed those thrown out of work without too serious a social upheaval. That might be of scant hope to the 491 in Tri-ang this morning, but it is the most that can be offered them.

Take a chance on Sycamore

RACING

BY DOMINIC WIGAN

ALTHOUGH IT carries only £2,000 in added prize money to-day's Londesborough Chase at Sandown has attracted an extremely select field made up of Tip The Wink, April Seventh, Commandant, Syamore and I'm Smart.

In spite of the obvious claims of the almost certain favourite, Tip The Wink, I intend taking a chance with the possibly under-rated Sycamore.

This handsome grey by the Sussex Stakes winner, Roan Rocket, out of Pistacchio, surprised many, though not trainer Josh Gifford when he easily disposed of Tenecon in Kempton's two and a half mile Kenton Chase on December 27.

Making all his own running in that event, in which Pendil was pulled up nine fences out, Sycamore defeated the heavily backed runner-up by 12 lengths after a mistake at the third from last.

That was a fine effort by Sycamore who was conceding 15 lbs to Tenecon (a 20-lengths Warwick winner on his previous run). I believe he will reproduce this form with him taking advantage of his light weight of 10 st. 8 lb.

A second possible winner for Gifford and Bob Champion, his stable jockey, is Sycamore's young stable mate, Legal Branch, one of the runners for the opening division of the Metropolitan Novices Hurdle.

A disappointment on his first two starts this term, Legal Branch showed that a small prize is well within his capabilities when third, beaten a head for second place, in a division of Huntingdon's Paxton Novices Hurdle, won by Round-town, on November 29.

However, Gifford is pitting him against stiffer opposition here and I rather doubt that the five-year-old can beat either Mount Tallant or Straight Jocelyn.

Mount Tallant, a close third behind Border Fort and Tullow Lane at Ascot on his only previous appearance will be at prohibitive odds, and should, on the face of things, justify the support.

SANDOWN

12.45—Mount Tallant
1.15—Sea Swell
1.45—Sycamore***
2.15—Hay Bridge
2.45—Skryne
3.15—Valarion

HAYDOCK

1.00—Gala Lad
1.30—Lewis
2.00—Cartwright**
3.00—Billet Doux II*

Teenagers to run own TV show

TEENAGERS are to devise and present their own television programme aimed mainly at viewers of their own age. It will be called "Something Else" and will go out on BBC 2 at teatime on Saturdays from the end of this month.

Thirteen youngsters have been chosen for the production team from more than 2,000 applicants. "Something Else" will be a 45-minute magazine programme with songs, sketches, news stories, investigations and guests.

One of the production team, 16-year-old Priscilla Sharp, of Abingdon, Oxon, said: "Up till now programmes for people of our age have always been produced by older people who think they know what we want. But nobody took the trouble to ask us."

Borg takes only one hour to crush Ramirez

TENNIS

BY JOHN BARRETT

NEW YORK, Jan. 5.

BJORN BORG, the 21-year-old double Wimbledon champion and tennis millionaire who left Sweden for Monte Carlo two years ago, produced another clinically competent performance to beat Mexico's Paul Ramirez 6—2, 6—4 on the first day of the $400,000 Colgate Masters Championship. It took exactly an hour.

There were 11,800 spectators at Madison Square Garden to see the first meeting between the two since a WCT challenge match in Hawaii in 1976. Ramirez had been forced to retire hurt then, and yesterday he must have contemplated the same course.

The Swede bruised him with his repertoire of sharp whiplash drives that are so difficult to counter.

"I found it impossible to make a plan," admitted Ramirez. "I could not win from the back, that is why I came in during the second set. But I couldn't control my volleys either. I was not moving too well on this slow court."

Borg gave him no chances yesterday. Sweeping into a 3—1 lead with a break to lose in the third game the Swede broke again to move to 5—2 and won the set in the next game with a searing cross-court forehand.

Ramirez's volleying tactics held Borg at bay for eight games in the second set, but although he was always the odd game in front he could never reach deuce against the Swede's serve.

Raising the pace in the ninth game Borg broke once more and won the match in the next game on his first match-point with a centre line serve.

Earlier Brian Gottfried had beaten fellow American Roscoe Tanner 7—5, 6—2 so that he and Borg seem destined to decide leadership of Blue group when they meet on Friday.

In the White group Jimmy Connors (U.S.) and Guillermo Vilas (Argentina) each have one win and their meeting to-night is obviously vital. The loser will almost certainly have to face Borg in Saturday's semi-final. Neither man will relish that prospect.

Both have enjoyed a month's rest, and while Connors took some time to settle before confirming his top U.S. ranking against the national No. 2, Eddie Dibbs, who was beaten 7—5, 6—2, Vilas looked as formidable as ever in sweeping aside fellow left-hander Manuel Orantes (Spain) 6—4, 6—1 in 73 minutes with typical strong-arm top-spin driving.

This ended a run of five successive losses for Vilas against Orantes since their match in the semi-final at Bournemouth early in 1975 and it confirmed the improvement that the Argentinian has shown since he won his first major championship in Paris last June.

Yesterday's match was marred by an injury to Orantes who was hampered by a painful blister underneath the small toe of his left foot. After a close opening set, which turned on the loss of Orantes' serve in the opening game, the Spaniard tried to relieve the pain by cutting a hole in the side of his leather shoe.

Still limping, he tamely surrendered the second set after losing a long service game in the third game.

Despite his success Vilas was still convinced that this tournament should have been played last month. "In my country the year ends on December 31," he said. "The Masters meant a lot to me before, when it moved every year, but now it does not mean so much. I came here only because I must to collect my bonus money. I'll try to do by best but I hope one day the Masters will be played on clay."

When asked if he hoped to end doubts about the world rankings by winning here he commented: "For me 1977 is over. I have my own feelings about No. 1—but you have to write your own opinion."

Despite this lofty attitude I suspect that Borg, Vilas and Connors all believe that a convincing victory here will establish in most minds the correct world order.

New British Formula One team

MOTOR RACING

BY BRIAN AGER

A NEW British motor racing team is to contest the Formula One Grand Prix series this year. Arrows Racing Team is producing a new car in a new factory at Milton Keynes.

The target is to have a car on the grid for the Brazilian Grand Prix on January 29—just 60 days after taking over the empty shell of the factory.

Chief executive of the new company is Jackie Oliver, the racing driver who was business manager for the Shadow racing team until he left them at the end of 1977. Alan Rees, the team manager, and Tony Southgate, designer, were also formerly with Shadow.

The car is still in the early stages of construction with some design work to be completed. It was described by Mr. Southgate yesterday as an exercise in aerodynamics which could be adjusted for fast or slow circuits.

Drivers for the team, which will field two cars later in the season, are Gunnar Nilsson, the Swede who left Lotus at the end of last season, and Riccardo Patrese, the young Italian. Nilsson is recovering from an operation and it is not certain who will drive in Brazil.

Signor Franco Ambrosio, the Italian commodity dealer, is providing financial backing, but the team is looking for a commercial sponsor.

Jackie Oliver said yesterday that finances were assured for a full racing season. Signor Ambrosio's only stipulation was that he wanted a successful team.

APPOINTMENTS

Peter Ellis heads Baric

Mr. Peter Ellis, who has been appointed chairman of BARIC COMPUTING SERVICES, is a director of ICL with responsibility for marketing worldwide. Baric is the computing bureau subsidiary of ICL in which Barclays Bank has a 40 per cent. shareholding. Mr. Ellis replaces Mr. Geoffrey Cross, who relinquished the chairmanship of Baric when he left ICL at the end of 1977.

*

The Minister for Overseas Development has made three appointments to fill existing vacancies on the Board of CROWN AGENTS. They are: Mr. Peter Bulfield, a director of J. Henry Schroder Wagg and Co., Mr. Douglas Williams, until his retirement last year a Deputy Secretary in the Ministry of Overseas Development, and (as already announced) Mr. Jack Jones, retiring secretary of the Transport and General Workers' Union. The Minister hopes to announce a further appointment shortly to fill the vacancy created by the retirement of Mr. John Gordon from the Board on December 31.

*

Mr. D. L. S. Hinton, chairman and managing director of BICC Industrial Products, has been appointed chairman of the Board of DORMAN SMITH HOLDINGS, following its acquisition by BICC. Mr. T. G. F. Atherton has now retired as chairman and from the Board, in accordance with his intention intimated at the time of the original offer. Mr. E. J. Atherton, Mr. B. L. Cooper and Mr. M. L. Cooper have also retired from the Board. Other Board appointments are Mr. D. L. Boult and Mr. A. G. Fowler, who is also appointed managing director of the Dorman Smith group of companies. Mr. W. A. Cockroft becomes director and general manager of Dorman Smith Switchgear.

*

Mr. A. L. Thomas has retired from the Board of GEEVOR TIN MINES and has been succeeded as chairman by Mr. R. H. MacWilliam. Mr. Thomas has been made honorary president of the company.

*

Mr. A. B. Mason has been appointed chairman of the FAG BEARING COMPANY following the retirement of Mr. C. E. Marshall. Mr. Mason continues to be involved in the day-to-day operation of the company as joint managing director.

*

Mr. J. D. F. Tavendale has retired as chairman and a director of MANDERS (HOLDINGS), but will continue as chairman of Manders Property (Wolverhampton). Mr. G. Norman who joined the group in 1977 as group managing director, becomes chairman of Manders (Holdings).

*

Mr. John Curry has been appointed managing director of Astralux Dynamics. He will remain managing director of Gentech International, another ANTIFERENCE GROUP company.

*

Mr. Aubrey Milstein has joined the Board of the BENTIMA COMPANY as chief executive. Mr. A. R. C. Barclay, Mr. D. W. Forsyth and Mr. R. W. Hartman have also joined the Board. Mr. A. L. Knight has retired.

ANTONY GIBBS, SAGE has made the following appointments: Mr. W. D. Robson is chief executive; Mr. I. J. Greig becomes divisional chairman of the non-marine overseas division; and Mr. R. Gardner is appointed managing director of the non-marine overseas division.

*

CINZANO (U.K.) states that Mr. John Davis has joined the company as marketing director and Mr. Michael Butten has been promoted from general sales manager to sales director.

*

The following have been appointed directors of COUNTY BANK: Mr. E. A. Barnes, Mr. A. Brown, Mr. A. R. Deacon, Mr. A. M. de C. Glen, and Mr. P. W. Wilkinson.

*

Mr. Keith Schofield, at present an assistant director, has been appointed a director of FENCHURCH NORTH WESTERN INSURANCE BROKERS, a member of the Guinness Peat Group.

*

Mr. Arthur Chambers has been appointed managing director of NEUBURGER PRODUCTS (1965), a member of the engineering division of Dorada Holdings.

*

Mr. Brian T. Jackson has been appointed managing director of CHARLES WICKSTEED AND CO., the principal company in the engineering division of Dorada Holdings.

*

Mr. Dennis J. Smith has been appointed to the Board of VENDOPS. He is chief accountant of the company which is a Blackwood Hodge subsidiary.

*

Mr. R. W. Durant, a general manager of EAGLE STAR INSURANCE COMPANY, has been appointed secretary. He retains his existing responsibilities, including that of group chief accountant.

TV/Radio

† Indicates programme in black and white

BBC 1

9.55 a.m. The Wombles. 10.00 Jackanory. 10.15 Boris the Bold. †10.20-10.45 White Horses. 12.45 p.m. News, Weather. 1.00 Pebble Mill. 1.45-2.00 Mr. Benn. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 It's the Wolf. 4.25 Jackanory. 4.40 Clangers. 4.55 Crackerjack. 5.25 Fred Basset.
5.40 News, Weather.
5.55 Nationwide.
6.45 Sportswide.
7.00 Cartoon.
7.05 Film: "Father Goose," starring Gary Grant, Leslie Caron.
9.00 News, Weather.
9.25 Gangsters (new series).
10.20 To-night.
10.50 Regional News.
10.51 Film: "Villa Rides," starring Yul Brynner, Robert Mitchum.
12.46-12.47 a.m. Weather.

All Regions as BBC-1 except:

BBC Wales—1.45-2.00 p.m. Sioncyn Sboncyn. 3.20-3.55 Transmitters Closedown. 5.55-6.20 Wales To-day. 7.00-7.30 Heddiw. 7.30-8.30 Disney. 8.30-9.00 Sykes (new series). 10.20-10.50 Kane on Friday. 10.50-10.51 News for Wales. 12.46 a.m. Weather.

Scotland—3.20-3.55 p.m. Transmitters Closedown. 5.55-6.20 Reporting Scotland. 10.20-10.50 Spectrum. 10.50-10.51 News for Scotland. 12.46 a.m. Weather.

Northern Ireland—3.20-3.53 p.m. Transmitters Closedown. 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.20-10.50 Bold Bad Baronet. 10.50-10.51 News for Northern Ireland. 12.46 a.m. Weather.

BBC 2

ENGLAND—5.55-6.20 p.m. Look East (Norwich), Look North (Leeds, Manchester, Newcastle), Midlands Today (Birmingham), Points West (Bristol), South Today (Southampton), Spotlight South West (Plymouth). 10.20-10.50 East (Norwich) On Camera, Midlands (Birmingham) Look! North (Leeds) It's Your Turn, North East (Newcastle) That Was The Year . . . North West (Manchester) Sit Thi Deawn (new series). South (Southampton) Conversation, South West (Plymouth) Peninsula. West (Bristol) Public Life (new series).

11.00-11.25 a.m. Play School.
6.25 p.m. News, Weather.
6.30 Planets, Royal Institution Lectures, Beyond the Sun.
7.30 Newsday, Westminster Report.
8.10 Kilvert's Diary.
8.25 Money Programme, How well have we done in the EEC?
9.00 Pot Black 78.
9.30 Helen Reddy Show.
10.15 Horizon.
11.05 Benoni and Rosa, Part 4.
11.55 News, Weather.
12.05-12.10 a.m. Julian Glover reads "Home" by J. C. Hall.

LONDON

9.30 a.m. Cartoon Time. 9.40 Documentary. 10.00 The Saint. 10.50 Wild Country. 11.40 Dynomutt. 12.00 Handful of Songs. 12.10 p.m. Rainbow. 12.30 Cuckoo in the Nest. 1.00 News, FT Index. 1.20 Help! 1.30 About Britain. 2.00 Money-go-round. 2.25 Matinee "The Magician" 3.50 Cedar Tree. 4.15 Place to Hide. 4.45 Magpie.
5.15 Horses in Our Blood.
5.45 News.
6.00 Thames at Six.
6.35 Crossroads.
7.00 Mind Your Language (comedy).
7.30 Backs to the Land.
8.00 General Hospital.
9.00 The Professionals.
10.00 News.
10.30 Police 5.
10.40 Baretta.
11.40 George Hamilton.
12.10 a.m. Famous people.

ANGLIA

9.25 a.m. Woobinda. 9.50 Skimming the Surface. 10.15 How. 10.40 Digging for Yesterday. 11.05 Mighty Wurzles. 11.35 Hogg's Back. 1.25 p.m. Anglia News. 2.25 Matinee: "Lost Safari," starring Gordon Scott. 5.15 Happy Days. 6.00 About Anglia. 10.30 Probe Special. 11.00 Film: "Shadow on the Land," starring Jackie Cooper. 1.00 a.m. Christians in Action.

ATV

9.50 a.m. Clue Club. 10.10 The Huntsman. 10.25 Thunderbirds Are Go. 11.55 Parsley. 1.20 p.m. ATV Newsdesk. 2.25 The Sullivans. 3.25 Electric Theatre. 5.15 Wish You Were Here. 6.00 ATV To-day. 10.30 Film: 100 Rifles, starring Raquel Welch.

BORDER

9.50 a.m. Skimming the Surface. 10.15 How. 10.40 Digging for Yesterday. 11.05 Mighty Wurzels. 11.35 Hogg's Back. 1.20 p.m. Border News. 2.25 Matinee "The Ghost Goes West." 5.15 Happy Days. 6.00 Lookaround. 10.30 Borderers. 11.00 Film: "Best House in London." 12.45 a.m. Border News.

CHANNEL

2.25 p.m. Upstairs Downstairs. 3.25 The Practice. 5.15 The Remarkable Rocket. 6.00 Report at Six. 10.28 Channel News. Weather. 10.35 Late with Danton. 10.50 Movie: McMillan and Wife. 12.30 a.m. News. Weather.

GRAMPIAN

9.45 a.m. First Thing. 9.50 Documentary. 10.15 How. 10.40 Digging for Yesterday. 11.05 Mighty Wurzels. 11.35 Hogg's Back. 1.20 p.m. Grampian News. 2.00 The Stars Look Down. 2.55 No Borders to the Sun. Holidays. 6.00 Grampian To-day. Weather. †7.30 Welcome to the Ceilidh. 10.35 Points North. 11.35 Collaborators.

GRANADA

9.30 a.m. Trams of Wales. 9.35 Sesame Street. 10.50 Clapperboard. 11.30 Popeye. 11.50 Reading with Lenny. 1.20 p.m. This is Your Right. 12.25 Matinee: Will Hay in "Boys Will Be Boys." 5.10 This is Your Right. 6.00 Granada Reports. 6.30 Kick Off. 7.30 Car Along The Pass. 10.30 Reports Extra. †11.00 Great Films—Cary Grant in Notorious.

HTV

9.50 a.m. Skimming the Surface. 10.15 How. 10.40 Digging for Yesterday. 11.05 Jazz Concert. 11.45 Hogg's Back. 12.30 p.m. Cuckoo Waltz. 1.20 Report West. 1.25 Report Wales. 2.25 Over The Moon—starring Rex Harrison and Merle Oberon. 5.15 Captain Nemo. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 A Day to Remember. 10.30 Report West. 11.05 Film: The President's Plane is Missing.

HTV CYMRU/WALES—As HTV General except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.15-4.45 Camau Cantamil. 6.00-6.15 Y Dydd. 10.30-10.35 Report Wales. 10.35-11.05 Outlook.

SCOTTISH

9.50 a.m. Skimming the Surface. 10.15 How. 10.40 Digging for Yesterday. 11.05 Mighty Wurzels. 11.35 Hogg's Back. 2.00 p.m. The Stars Look Down. 2.55 No Borders to the Sun. 5.15 Professor Kitzel. 6.00 Scotland To-day. 6.30 Phyllis. 10.30 Ways and Means. †11.00 Futures. †11.15 Late Call, Rev. Dr. Arthur Gray. 11.20 Baretta. 12.20 a.m. Love American Style.

SOUTHERN

9.35 a.m. Sean the Leprechaun. 9.50 Skimming the Surface. 10.15 How. 10.40 Digging for Yesterday. 11.05 Mighty Wurzels. 11.35 Hogg's Back. 1.20 p.m. Southern News. 2.00 Women Only. 2.25 Banacek. 5.10 Week-end. 6.00 Day by Day. 6.00 Scene South East. 6.30 Out of Town. 10.30 Kings Go Forth. 12.25 a.m. Southern News. 12.35 a.m. Weather followed by the Orthodox Church.

TYNE TEES

9.25 a.m. The Good Word and North East News. 9.30 Twelfth Day. 9.50 Skimming the Surface. 10.15 How. 10.40 Digging for Yesterday. 11.05 Mighty Wurzels. 11.35 Hogg's Back. 1.20 p.m. North East News, Lookaround. 2.25 Matinee: "The Ghost Goes West." 5.15 Mr. and Mrs. 6.00 Northern Life. 10.30 Sportstime. 11.05 Film: "The Abominable Dr. Phibes" starring Vincent Price. 12.40 a.m. Epilogue.

ULSTER

9.50 a.m. Skimming the Surface. 10.15 How. 10.40 Digging for Yesterday. 11.05 Mighty Wurzels. 11.35 Hogg's Back. 1.20 p.m. Lunchtime. 2.25 Matinee: John Payne, Lizabeth Scott in "Silver Lode." 4.13 Ulster News. 5.15 Brady Bunch. 6.00 Ulster News. 6.30 Reports. 6.50 Police Six. 7.00 Drop in Your Hand. 10.30 Sportscast. 11.00 Film: "High Risk."

WESTWARD

9.50 a.m. Skimming The Surface. 10.15 How. 10.40 Digging For Yesterday. 11.05 Mighty Wurzles. 11.35 Hogg's Back. 12.26 p.m. Gus Honeybun. 1.20 Westward News. 2.25 Upstairs Downstairs. 3.25 The Practice. 5.15 Fantastic Voyage. 6.00 Westward Diary. 10.28 Westward News. 10.35 Late With Danton. 10.50 Movie: McMillan and Wife. 12.30 a.m. Faith for Life.

YORKSHIRE

9.45 a.m. Phantom Pilot. 10.25 Mumbly. 10.30 Lost Islands. 11.00 Run Joe. 11.30 Clue Club. 1.20 p.m. Calendar. 12.25 Matinee: "The Ghost Goes West." 5.15 Calendar Sport. 6.00 Calendar. †10.30 Great films: "Notorious."

RADIO 1 247m

(S) Stereophonic broadcast
6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Paul Burnett. 12.30 p.m. Newsbeat. 2.00 Kid Jensen. 4.31 It's D.L.T. OK! 5.30 Newsbeat. 7.00 Nat Whitworth and the new Million Airs (joins Radio 2). 10.02 John Peel (S). 12.00-12.06 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News. Weather. 6.02 Ray Moore (S). 6.15 Pause for Thought. 7.02 Cricket — Second Test: Pakistan v. England. 7.32 Terry Wogan (S). 8.02 Cricket—Second Test. 8.27 Racing Bulletin. 8.45 Pause for Thought. 10.02 Cricket: Second Test. Teatime report. 10.3 Jimmy Young (S). 12.02 p.m. Cricket — Second Test: report. 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray (S). 1.45 Sports Desk. 2.30 David Hamilton (S). 2.45 and 3.45 Sports Desk. racing results. 4.30 Waggoners' Walk. 4.45 Sports Desk. racing results. 4.47 John Dunn (S). 5.45 Sports Desk. 6.05 Sports Desk. 7.02 Nat Whitworth and the Million Airs (S). 8.02 John Gregory (S). 8.45 Music Night (S). 9.55 Sports Desk. 10.02 Treble Chance: Quiz. 10.30 Let's Go Latin. 11.02 Sports Desk. Tennis. 11.03 Brian Matthew. 12.00-12.06 a.m. News. Weather. Motoring and Tennis.

RADIO 3 464m. Stereo & VHF

†Medium frequency
6.55 a.m. Weather. 7.00 News. 7.05 Overture (S) (VHF only from 7.25) Duparc, Roussel, Duruflé. †7.30-10.00 Cricket: Second Test Pakistan v England (fourth day). 8.00 News (VHF only). 8.05 Morning Concert (S) (VHF only) Bach, Mozart. 9.00 News (VHF only). 9.05 This Week's Composer: Haydn (S) (VHF only). 10.00 Holiday Special (S). 10.20 Concert: Handel, Brahms, Szymanowski, Haydn. 11.15 Music From Belfast: Mozart, Spohr, Duruflé (S). 12.15 p.m. Concert: Dvořák, Hindemith (S). 1.00 News. 1.05 Playbill (S). 1.20 Concert: Dohnanyi (S). 1.55 Nielsen and Berwald (S). 2.30 Baroque Ensemble: Lotti, Vinci, Scarlatti (S). 3.10 In Short: Talk. 3.20 Ensemble: Albinoni, Handel (S). 3.55 Violin Sonatas: Debussy, Brahms (S). 4.45 Young Idea: Music Openings (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound. 6.30 Lifelines: Leisure and Recreation. 7.30 Halle Orchestra: Schubert, Stravinsky (S). 8.15 Feuerbach and Materialism: Talk. 8.35 Halle Orchestra: Strauss (S). 9.35 Kurt Weill (S). 10.20 Piano Recital: Bach, Beethoven, Brahms (S). 11.25 News. 11.30-11.35 Schubert Song (S). 12.00-1.30 a.m. Russian Orthodox Christmas Vigil Service (647kHz/464m and 1295kHz/232m).

Radio 3 VHF only: 6.30-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 Farming To-day. 6.35 Up to the Hour. 6.55 VHF Regional News. Weather. 7.00 News. 7.10 To-day. 7.35 Up to the Hour. 7.52 VHF Regional News. Weather. 8.00 News. 8.10 To-day. 8.45 The Best of Bierce. 9.00 News. 9.05 Voice of the People: 01-222 5422 (calls from 8 a.m.). 10.00 News. 10.05 Percy Edwards. 10.30 Daily Service. 10.45 Story: "A Minor Miracle." 11.00 News. 11.05 Friends and Neighbours. 11.50 First Impression. 12.00 p.m. News. 12.02 Your Good Health. 12.27 My Music (S). 12.55 Weather programme. News VHF (except London and SE) Regional News. Weather. 1.00 World At One. 1.30 The Archers. 1.45 Woman's Hour. 2.45 Listen with Mother. 3.00 News. 3.05 Theatre (S) "Lame Duck." 4.00 News. 4.05 My Own Invention. Music. 4.35 Story: "Mapp and Lucia." 5.00 PM Reports. 5.40 Serendipity Pantomime. 5.55 Weather, programme news. VHF Regional News. Weather. 6.00 News. 6.30 Going Places. 7.20 Pick of the Week (S). 8.10 Instant Sunshine (S). 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 World Tonight. 10.30 Week Ending. 10.55 My Delight. 11.00 Book at Bedtime: "Say Who Came in from the Cold." 11.15 Financial World. 11.30 News. Weather. 12.03-12.06 a.m. Inshore Forecast.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 Lobby. 9.20 London Live. 11.03 In Town. 12.03 p.m. Call In. 2.00 London News Desk. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 In Town. 8.30 Black Londoners. 10.00 Track Record. 12.00 Close. As Radio 2.

London Broadcasting

261m and 97.3 VHF

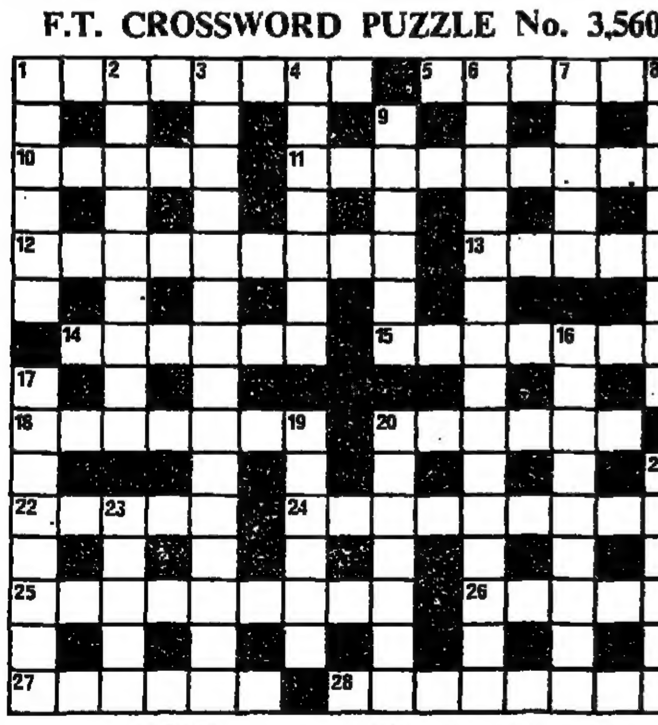
5.00 a.m. Morning Music. 6.00 A.M. with Bob Holness. 10.00 Brian Hayes phone-in (353 8111). 1.00 p.m. LBC Reports. 3.00 George Gale's phone-in. 8.00 Ian Gilchrist. 9.00-1.00 a.m. Nightline phone-in.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash. 1.00 p.m. Quiz. 3.30 Loveline (01-388 1555). 3.00 Roger Scott. 5.00 Hitline (01-388 7671). 6.00 Cruising. 7.00 London To-day. 7.30 Strike debate, with Arthur Scargill. 9.00 Nicky Horne. 11.00 Mike Allen. 2 a.m. London Link.

F.T. CROSSWORD PUZZLE No. 3,560



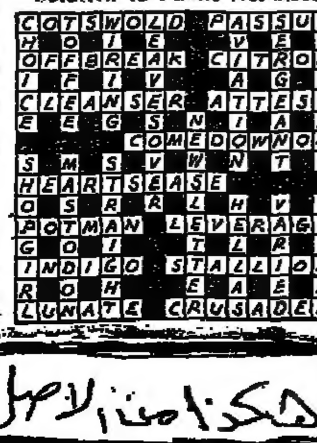
ACROSS

1 Reconciled if I walked round (8)
5 Substitute for a whip (6)
10 Dance with one leg, love (5)
11 Face the opposite direction in rotation (9)
12 Sort back about doctor with one of the wind instruments (9)
13 When navy conceals another dye (5)
14 Firewood for soldiers' quarters (6)
15 Ran back with speed to relate events (7)
18 Make tidy and solve the mystery (5, 2)
20 Cake from Bath? (6)
22 Flower in plot of ground before us (5)
24 Don't say so much without a passport (9)
25 Broke and rude about five (9)
26 Changed gear with Oriental to conform (5)
27 As grey outside as unscoured wool (6)
28 Guard posted in eastern pound (8)

DOWN

1 Plate containing a relish (6)
2 What musical writers do about it having many parts (9)
3 They may yield a fortune if one has crossed the right lines (8, 7)
4 Former metal weight is no longer around (7)
6 Survive prediction made frequently on radio and TV (7, 8)
7 Source of irritation when it's in the flesh (5)
8 Throw tea around and it could mean trouble (3, 5)
9 Can stir porridge (6)
16 Support for fish club (5-4)
17 Climbing round head of peak and taking a bit of the head (8)
19 Dough left in shade (6)
20 Surprise beginning with the French (7)
21 A toff also (2, 4)
23 Pole in gallery has discrimination (5)

Solution to Puzzle No. 3,559



Cinema

A final flourish from Visconti

by NIGEL ANDREWS

The Innocent (X)
Screen on the Hill
Stroszek (AA)
Paris-Pullman and Phoenix
Audrey Rose (AA)
Odeon Marble Arch
Kenji Mizoguchi
National Film Theatre

Nothing is more fascinating in movie history than the process whereby a number of film-makers from the same country who begin by being identified as a group—the Neo-realists in Italy, the Nouvelle Vague in France—gradually separate and go their different ways, until by the end of their careers one wonders quite how they had all been lumped together in the first place. Can one think of three film-makers more un-alike than Godard, Truffaut and Chabrol? And yet they began as the corporate spearhead of the French New Wave. In Italy, the post-war Neo-realist movement—that dynamic era when film-makers took their cameras into the streets and filmed life "in the raw", was led by Rossellini, De Sica, Visconti and Fellini.

Where are they now? Or rather, since three of them are no longer with us, where were they at the height of their careers? Certainly not on the streets; and not linked together by any stylistic similarities either. Rossellini was making austere, intelligent, somewhat claustrophobic films for television; De Sica was making quasi-Hollywoodian comedies and weepies; Fellini was (and is) showing us that all the world's a film studio (when did a real street last apppear in a Fellini film?); and Visconti was offering us the cinema's answer to Grand Opera, a series of lush, gorgeously-costumed melodramas in which colour, tempo and movement were as vital ingredients as story or "message."

In an odd way Visconti's career, at the time of his death, was coming full circle. After the full tide of *The Damned*, his operatic approach was receding in favour of a sort of chamber-melodrama. *Conversation Piece* had its moments of grand-gesture hyperbole, but its prevailing tone was meditative and elegaic. And Visconti's last film *The Innocent* is also his most restrained: a slow, rapt, exquisitely staged melodrama (based on a novel by D'Annunzio) in which Visconti has finally banished all conflict and disproportion between the story and the cinematic "dressing."

The plot is a strange and tortuous imbroglio of love and lust in turn-of-the-century Italy. A wealthy philanderer (Giancarlo Giannini) neglects his wife (Laura Antonelli) for an on-off affair with a beautiful courtesan (Jennifer O'Neill). The wife, spurred on by feelings of revenge, enjoys a brief encounter with a handsome young writer. A reconciliation takes place between husband and wife, but during their "second honeymoon" she finds she is pregnant with her ex-lover's child. The child is born and instantly becomes a weapon in the couple's renewed antagonism. Guilt, jealousy and recrimination flare up, and the story ends with a death and a suicide.

Visconti clearly reverences his original material. The film opens with that time-honoured device of a hand (Visconti's) opening the pages of a book (D'Annunzio's), and the plot unfolds, up to and even including its eventful climax, at the measured, stately pace of a novel. What makes it also a triumphant piece of cinema is first Visconti's astonishing sense of colour and decor—a sense always harnessed to the meaning of each scene (harsh reds and golds, for example, in the courtesan's house, bridal white in the villa where husband and wife reach their reconciliation) —and secondly the inspired simplicity of his camerawork. Baroque flourishes have been abandoned: the camera simply finds the perfect place from which to watch the actors opening up for us their thoughts and emotions. The performances by Giannini and Antonelli are superb, and altogether this is the cinema's first "must" of 1978.

*

Werner Herzog's *Stroszek* looks as if it was made as a consolation gift for those who found his previous film *Heart of Glass* impenetrably mystic and obscure. Herzog has here returned to the territory of *The Mystery of Kaspar Hauser* and offered his services as the champion of the simple-minded: in this case of Bruno, a 40-year-old Berliner just released from prison who decides to join two friends, ex-prostitute Eva (Eva Mattes) and eccentric neighbour Herr Scheitz (Clemens Scheitz), on a trip to America. But the land of the free, where harassment and poverty will reign no more, proves quickly disenchanting. No sooner are they settled into their jobs and their spruce mobile home than the money starts to run out, Eva deserts Bruno for a pair of truck drivers and the creditors seize and auction the home. Bruno and Scheitz take to armed robbery. Scheitz is arrested, but Bruno escapes to find a brief interlude of peace and delight in the amusements gallery on an Indian reservation.

Bruno is played here by Bruno S., the pop-eyed actor who was Herzog's Kaspar Hauser and whose air of defiant eccentricity gives both films more charm and vitality than their basic material deserves! Herzog's American Midwest is a potentially hilarious melting-pot of backwoods machismo and sleek opportunism: one extreme represented by Bruno's garage-owning employer, a man who pulls his own teeth, downs beer by the keg and growls out dirty songs, the other by the polite young bank employee, his features permanently congealed in a salesman's grin, who comes to prise away the mobile home. But the extremes are caricatured, and Herzog's satire is oversimplified to the point of naivety. Having armed his characters for the journey West with idealistic hopes-of-straw, he can hardly expect us to be shocked or surprised when those hopes swiftly crumple.

It is impossible, however, wholly to dislike a Herzog film. This one is wrong-headed but even its wrong-headedness has elan. Herzog can capture in a single image a romantic defiance that is at once nonsensical and lyrical: Bruno blowing his tin bugle from the top of the Empire State Building, Bruno and Scheitz robbing a barber's shop and then forswearing a quick getaway to do some shopping at the grocer's. In the last sequence of all, the best in the film, Bruno visits an amusement park in an Indian reservation and finds a Herzog-ian peace in perpetual motion. He abandons his car, leaving it with the brake off to chug around in a circle, he mobilises a row of coin-in-the-slot Educated Animals (a Rabbit Fireman, a Dancing Chicken), and lastly he hoists himself on board a chair lift to go up, round and down, up, round and down a hillside in an eternal rondo of self-satisfied isolation.

*

For those who have still not had a surfeit of possessed children on the cinema screen, *Audrey Rose* opens in London this week. The heroine of this reincarnation thriller, scripted by Frank de Felitta from his own novel, is a 12-year-old girl possessed not by demons but by the soul of her former self. As "Audrey Rose" she had died in a car accident at the age of five. She was promptly reincarnated as the baby of a young couple (Marsha Mason and John Beck) living in an expensive New York apartment. Into the family's life one day floats bearded, sinister Anthony Hopkins; who explains to them that he is the girl's former father and that he can help them cure her of the recurring nightmares in which she "relives" the fatal car crash.

In the ensuing tug-of-war between the two men for the girl's love and loyalty, the wife takes the role of a bewildered onlooker, now inclining to Mr. Hopkins, now to Mr. Beck, while poor Audrey (or Ivy, as she is called in her present existence) is subjected to sundry hocus-pocus experiments to find out if she is truly a "reincarnee." The film stands or falls by your capacity to suspend both your scepticism and your impatience with the overload of exposition at the beginning of the film. Anthony Hopkins is admirable as the bereaved father, and Susan Swift as the girl employs to good effect a pair of fetchingly startled-looking blue eyes. But elsewhere the news is not good. Marsha Mason overacts in direct proportion to John Beck's under-acting, and Robert Wise directs with a tight-framed, TV-drama earnestness that stresses all the story's defects as well as its scarcer virtues.

*

The National Film Theatre's season of Kenji Mizoguchi films, which begins this week and lasts until the end of January, is, according to the NFT booklet, "probably the most complete retrospective ever held of the great Japanese master." That is not an idle boast, to judge from the number of films here assembled (28) from the oeuvre of a director whose surviving works, or available prints thereof, are in notoriously short supply. The NFT selection ranges from the 1929 *White Threads of the Waterfall* (the earliest complete Mizoguchi in existence) to his late films, made in colour in the mid '50s, *Shin-Heike Monogatari* and *The Empress Yan Kwei-Fei*.

Mizoguchi is probably the finest director of historical subjects the cinema has ever produced. He discovered the secret, as no other film-maker has, of giving us a re-creation of the past at once "picturesque" and realistic. Mizoguchi has a painter's eye for composition and for effects of light and shade: and his landscapes are lyrically beautiful. But he never neglects the characters at the expense of the scenery or the period decoration. For those who have seen and enjoyed *Sansho Dayu* and *Chikamatsu Monogatari* in recent London releases, here is a priceless chance to extend your knowledge and love of a great film director.

Doing it with mirrors—Eva Mattes in 'Strosz ek' and Anthony Hopkins in 'Audrey Rose'

Covent Garden

The Sleeping Beauty

by CLEMENT CRISP

My sympathies are all with debutante Auroras. There can be few experiences as unnerving as hearing the entrance music for the young princess and knowing that the Rose Adagio is but minutes away, with its varied assemblage of grandeur and terrors. My heart went out to Marguerite Porter on Wednesday, making her initial appearance in the role, and it can be said that her account of the first act showed signs of the unease she must inwardly have felt. Porter is a dancer seemingly suited to serious roles—her Juliet has a nervous force that sustains the entire ballet—though blonde-wigged as Bianca in *Shrew* she has shown a nice sense of humour and plenty of fire. To Aurora she brings long limbs that give her line a delicate grace, and a soft and unforced manner which is happily displayed in the Vision scene. What was particularly pleasing Wednesday night was the assurance that she found for the final act. The entree for the grand pas de deux was radiantly done, with every appearance of ease and confidence, big in style and entirely convincing.

Suddenly, instead of being a talented young dancer faced with one of the most massive challenges of the repertory, Marguerite Porter looked commandingly a princess at her betrothal, and mistress of the choreography. It is the best augury for her future development in the role. I am not an admirer of the "soubrette Aurora" style, and with care Porter can become a worthy and elegant incumbent of this supreme statement about classic dancing.

The Florimund was also making a first appearance. Julian Hosking, with his blond, youthful good looks, has a natural distinction that suits the part. He takes the stage with an air, partners well, and he understands how gesture can be given weight without undue stress or fuss: the Romantic posturing of ballet's princelings are made to look easy and sympathetic. His account of the Vision scene solo was tight and uneven, lacking in any sort of legato, but for the big variation in Act 3 he produced an almost fierce energy that impelled him through the steps. It was choreography taken by storm, and maybe by audacity rather than by technical prowess, but it gave the dance a nervous excitement which had its own emotional rewards.

Among other performances I admired very much Rosalyn Whitten's account of the pentahedral solo on the last act trio —clean and very musical—and Robert Jude's assumption of the King's robes. He gives the part a weight that it urgently needs, and once the monarch has been relieved of the embroidered crowns that make his cloak so foolish, we shall be on the road to good sense in the court scene. The greatest compliment I can pay Leslie Edwards is to say that he almost makes one forget his ludicrous "Vestris as Ras Monolulu" outfit because he gives Catalabutte so vivid a presence: but I think it over and above the call of duty to imprison one of the Royal Ballet's most valued and distinguished artists in such risible dress.

German theatre

As You Like It

by RONALD HOLLOWAY

Peter Stein, certainly the most talented play director in West Germany, has been planning for a decade to produce an authentic Shakespeare. In view of the sometimes discouraging fact that The Bard has been strapped in a Romantic straightjacket for most of his German-language admirers (his popularity here as Playwright Number One, surpassing even Schiller in most seasons, is due to the Schlegal-Tieck translations, 1797-1810, at the height of the German Romantic Period). Stein's "dare" to stage Shakespeare has been awaited here with bated breath.

The Berliner Schaubuhne am Halleschen Ufer, a still young troupe of actors moulded in the Stein image, has shared his enthusiasm, despite the severe loss recently, of the Ensemble's guiding lights (Bruno Ganz and Edith Clever, who have turned to filmmaking). But the Schaubuhne Ensemble has been shifting gradually to the classics on Grand Opera scale, thus reducing the significance of a "star" and increasing the importance of ensemble-acting. Stein went to Paris to direct Wagner's *Ring* shortly after completing, successfully, his laborious *Antiken-Projekt*, in which Greek tragedy was periscoped from Aeschylus (*Prometheus Bound*) to Euripides (*The Bacchae*, under the direction of Klaus Michael Gruber a Schaubuhne regular).

About this time the decision fell to produce Shakespeare's *As You Like It* (*Wie es euch gefallt*), a pastoral comedy rather than a tragedy or historical play. In preparation for the production a full season was given over to another introductory project, *Shakespeare's Memory*, whereby the sixteenth century was periscoped as an age of discovery in a kind of poetic, time-machine survey of Elizabethan England.

Just as the *Antiquity Project* was staged in a roomy pavilion on the Berlin Fair Grounds, instead of the tiny, 500-seat Schaubuhne am Halleschen Ufer, *Shakespeare's Memory* and *As You Like It* went into space-quarters on the grounds of the inactive CCC-Filmproduktion Studios. And in the same manner as Stein used a sod-floor for his share of the *Antiquity Project* and real birch-trees for his production of Gorky's *Summerfolk* on the Halleschen Ufer, he transplanted an entire shade-tree to the CCC-Studio as the primary motif of his version of Shakespeare's comedy.

The approach is thus anything but romantic. It is also environmental, a fad and overriding principle which belongs very much to the present decade. And, lastly, it's a full-scale academic seminar: here the programme booklet is the giveaway, with its cover of a crane lifting the uprooted tree into the sky. There are introductory essays by Northrop Frye, Jan Kott, and Agnes Latham on the Shakespearean comedies and this play in particular, and a concluding picture-book of photos and paintings about forests, nature, etc.

One "experiences" Shakespeare's imaginative world, rather than appreciating the play itself. After spending an hour in Frederick's forecourt surrounded by massive pillars and Renaissance niches, where an Olympic wrestling match on an elevated platform grabs the attention for a while, the audience follows the actors' lead and retires to the enchanted Forest of Arden—by way of a jaunt through an environmental passage crammed with relics from a contemporary art show. Somehow, the gag works.

The treasure at the end of the rainbow is, in truth, an enchanted forest. For the remaining three and a half hours, the audience forgets that there has been no pause for refreshment and that the studio on damp evenings tends to get chilly as the night wears on. The eye is filled with that full-grown shade-tree and the shafts of light pouring through its branches, with a warbling brook flowing through a thicket, a corn field bathed in sunshine, thatched cottages, and Robinson Crusoe hideaways, and odd sounds like chirping crickets and caws from treetops. The audience retires to rows of grandstand seats over patches of meadow and used picnic sites: *As You Like It* as Pastoral Revisited.

The only trouble is the difficulty in hearing. Words get lost in this echo-chamber, the favourite lines of Rosalind and Jacques fade into the rafters, and feats of daring turn the evening into a sort of intellectual circus performance. When a Baroque cart-stage is wheeled across the floor and a band of marauding conquistadors invade the paradise at the end, we are back in the time-machine of *Shakespeare's Memory* where fact and fantasy collide head-on in a war of the spirit.

Leonard burt

Herbert Norville, Veronique Choolhun, Sarah Lam and Kim Taylforth

Hampstead Theatre

Penny Whistle

by MICHAEL COVENEY

Six teenagers have met up in a Wimpy Bar and removed to a glass and neon-lit coffee lounge in a smart hotel where they proceed to play out a series of personality games at their own and each others' expense. Hovering in an uneasy limbo somewhere between Barrie Keeffe territory and Stephen Poliakoff urban desolation, Lawrence Dobie's play is a muscle-bound attempt at unleashing adolescent frustration in a rarefied atmosphere. The biographical details of each character, while interesting in themselves, are harnessed with schematic ponderousness to a dogged playground environment.

Five of the six young performers are graduates of the Anna Scher Theatre in Islington, but Nancy Meckler's production does little to display the skills they may have acquired there. Instead, the cast spend much of the short duration (the show runs for only 65 minutes) establishing their mundane credentials in undramatic bursts of confessional soliloquy. Barry (Phil Daniels) has read some Camus and kids the others that he is turning down Sussex University in favour of Queen's Park Rangers; Peacock (Veronique Choolhun) is undecided whether or not to return to her native Pakistan to marry her half-Jewish pen-friend but glows happily when recalling the rituals at Mecca; Rose (Sarah Lam) enjoys riding in sports cars but resents her job as a copy typist; Sandra (Kim Taylforth), the oldest in the group, can control the proceedings with a few sharp words, but not her own emotions when noise and frenzy bring on sad memories of a miscarriage; Jim (Herbert Norville) is "a champion loser" who copes good-naturedly with cracks about his black skin but is allowed a moment of fantasy triumph as a chess champion.

Easily the most dominating personality, and the best played, is Chris, who alone manages to spread his performance consistently over the action. Chris is an archetypal loud-mouth, cheeky yet vulnerable, coarse and irrepressible. As played by Peter Hugo-Daly, he is the sort of emaciated, spirited youngster about whom Barrie Keeffe writes so well. He is full of brash promise and hopeless ambition, sadly resigned to marrying his "steady" even though she kept him at arm's length on holiday and is somehow pregnant. Chris, like the others, has his moment of glory in the play, when he defeats his own shadow to win the fly-weight boxing championship of the world.

Mr. Dobie fails to provide a reverberative setting for the confessional capers, allowing a sentimental coda to conclude the play with Jim composing a simple tune on his penny whistle (which just happens to be stashed in his right sock) for Sandra's plaintive lament for her unborn baby.

Elizabeth Hall

Goldberg & Lupu

The 150th anniversary year of the death of Schubert got off to an early start last Sunday with a song recital by Jessye Norman —the first of a series of 12 recitals in three weeks at the Elizabeth Hall entitled "Mainly Schubert." Miss Norman sang only Schubert on Wednesday; in the second concert of the series, Szymon Goldberg included some Beethoven and Debussy in his programme as well.

Schubert wrote none of his greatest masterworks for violin —the A major sonata alone approaches the summit. But it was a joy all the same to hear revived two of the three early op. 137 violin sonatas—for all their subtle Mozartian and Beethovenian echoes, unmistakably— and with wonderful pungency and freshness—the composer's own. Goldberg's readings were suave, urbane, small-scale: agreeable, unremarkable. Such a quiet and restrained instrumental voice is better suited to a hall much smaller than the Elizabeth Hall: but whereas here many of them were lost, I suspect that in a more intimate ambiance one or two of Goldberg's mannerisms might have become actually obtrusive—the fade off tone *al niente*, without body or carrying power; the habitual legato playing through important rests, running half a dozen separate phrases together.

It was an uneventful evening: though the second and last movements of the A major sonata— and the finale of Beethoven's E flat major op. 12 no. 3—made some spirited attempts to break free from blandness. Radu Lupu was Goldberg's accompanist: necessarily self-effacing, but in his context an admirably discreet and watchful partner.

DOMINIC GILL

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Dollar takes a breath

THE DECISION of the U.S. monetary authorities to use their own resources and the network of swap arrangements between central banks in order to support the dollar exchange rate is a complete and welcome reversal of policy. Until now they have left actual intervention entirely to the managers of the strong currencies most affected by the weakness of the dollar. They themselves have been content to issue an occasional public statement to the effect that the dollar is fundamentally strong and the behaviour of the foreign exchange markets irrational.

But these statements have gradually been becoming more frequent and more heated. Wednesday's decision, in fact, must be seen in context as the third in a series of actions taken during the past month in an attempt to bring the situation under control. First, at the beginning of December ahead of the regular monthly meeting of central bankers in Basle, politicians and bankers everywhere took to emphasising that the dollar was undervalued, and it was widely assumed that the Basle meeting would produce some action. When it produced none, the slide went on. Second, President Carter announced just before Christmas some minor measures intended to show his foreign critics that the U.S. Administration, too, was concerned about the dollar. They were not impressed for long.

Benign neglect

At that time, indeed, U.S. officials were emphasising that the President was out to reaffirm Administration policy rather than to change it and that there would be no alteration in its attitude to intervention except to the extent necessary "to counter disorderly conditions." That was, verbally at any rate, a step forward. But this Wednesday's statement went much further, referring to active utilisation of resources in order "to check speculation and restore order in the foreign exchange markets." President Carter himself commented that the U.S. would direct its efforts towards maintaining the strength of the dollar. Whatever may have contributed to the change of course, the policy of benign neglect seems to have been decisively repudiated.

The suddenness of this reversal enabled the U.S. authorities to achieve a sharp immediate improvement in the dollar exchange rate. Whether the exchange markets will now settle down, and where they will settle if they do, remains to be seen. The dollar may well have been oversold and concerted intervention be able to squeeze the bears, but the uncertainties which have led to the weakness of the dollar remain unresolved. The principal question-mark hangs over the U.S. balance of payments and the size of its oil imports. This in turn is bound up with the readiness of Congress to accept the Administration's energy-saving proposals, with which its tax proposals are in turn involved. At best, the change of intervention policy has bought a breathing-space.

Alternatives

For the U.K., however—and even more for countries like Germany whose currencies have been forced more sharply upwards by the weakness of the dollar—the breathing-space is extremely welcome. The pound has been allowed to appreciate reasonably freely in order to discourage another huge inflow of funds and keep the growth of the money supply under control. If the rate had been pushed far past $2, nevertheless, there would have been strong pressure from various quarters to adopt alternative policies.

Loosening of outward exchange controls, for which there is a strong case, runs up against political objections; imposition of inward controls would probably have been ineffective and a sharp cut in interest rates would have threatened the monetary objectives. The need to make a choice between these courses has been lifted, at least for the time being. But the Government has demonstrated that it inclines, when the pinch comes, towards the arguments for a stronger rather than towards those for a weaker pound. That, together with the prospective payments surplus, is itself likely to help keep the pound fairly strong.

Pay policy and the firemen

THE FIREMEN'S executive's decision to recall their union delegate conference to recommend a return to work based upon the employers' offer was a realistic move. One hopes that the conference, which called the strike against the advice of the union leadership eight weeks ago, will similarly recognise when it meets next week that their negotiators have achieved as much as could be reasonably hoped at the present time. Throughout the strike the Government has made clear its determination to resist any breaches of its 10 per cent. guideline and the Home Secretary re-emphasised this earlier this week when the union came back with a proposal for improved overtime pay now in return for deferring the shorter working week due to be introduced in November.

Implicit

In the circumstances, the employers' offer cannot be regarded as ungenerous. It would give the firemen an immediate increase of 10 per cent. and, in effect, spread the rest of the 30 per cent. they have been seeking over the next two years so as to bring them into line with skilled manual workers in industry. No doubt some delegates at next week's meeting will want to see the strike continue in the hope of securing more than 10 per cent. immediately, but others will be aware of the danger of the union becoming isolated. Once the employers came up with their pay formula—with the Government's implicit support—support for the strike started to weaken in some areas; and the TUC General Council refused—albeit by only a narrow majority—to start a general campaign in support of the firemen. Other important groups of workers, including the local authority manual workers, the busmen, and the seamen, have meanwhile settled within the Government's pay lines. To persist further at this late stage would inevitably risk forfeiting public support for the firemen's case.

The outcome of next week's delegate conference cannot be regarded as certain, but the latest developments will raise Ministers' optimism about the chances of keeping the average increase in earnings during the current bargaining year within at least hailing distance of the guidelines. In the last few weeks the pace of settlements has quickened somewhat and most of them have fallen within or reasonably close to the guideline. But several important hurdles have yet to be surmounted. Yesterday saw the formal start to negotiations on the electricity supply workers' claim to which the power station workers' unofficial dispute last autumn was a prelude. The oil tankers drivers' negotiations are another possible area of difficulty, and the miners, railwaymen, and civil servants have yet to come, although the latter group may be more a cause of embarrassment than real difficulty to the Government.

Relativities

However, if the firemen do settle next week, they will have been bought off by a formula which other groups of workers in the public sector have been quick to see as offering them considerable long-term advantages, too. The police have been one such group and have been presenting evidence to that effect to the present inquiry on police pay. Mr. Moss Evans, the general secretary-elect of the Transport and General Workers' Union, has hailed the formula as a possible basis for pay settlements throughout the public sector. Such a formula might make sense if it were to form part—but only part—of a scheme for settling pay relativities for small and clearly defined groups, but Ministers have only recently begun to think aloud about this wider question. Buying off one lot of public sector workers with encouraging promises for the future without considering the sector as a whole—or the implications of these "special cases" in any future phase of incomes policy—could be a recipe for disaster.

$ Battle has only begun

By JUREK MARTIN, U.S. Editor, in Washington

VERY crudely put, the U.S. decision to abandon the "benign neglect" of the dollar exchange rate and to intervene in the foreign exchange markets represents a victory of sorts for the Federal Reserve, the American central bank, over the U.S. Treasury. But it is a resolution, perhaps temporary, of an internal Washington dispute that satisfies neither the independent Fed nor senior members of the Carter Administration.

For both the Fed and the Treasury, regardless of their different public emphasis on the need for a strong dollar, generally agree on one point—that the markets have ignored to an irresponsible extent fundamental economic realities. Even Mr. Henry Wallich, the Fed governor who professes staunch belief in the free market principle, has publicly bemoaned the "uncertainties, erroneous perceptions and destabilising speculation" that in recent months have driven the dollar remorselessly downwards.

The trouble is that the markets, engaging in a dialogue of the deaf with the Administration, have also concluded that Washington has ignored fundamentals. The markets have been unimpressed with Washington's contention that it has been doing something about the U.S. deficits, the principal cause of the dollar's weakness, by tackling the problem of oil imports and by exhorting other countries to spur on economic growth and introduce better balance in the global economic system.

The actual chain of events leading up to Wednesday's policy shift is easily discernible. Until Christmas, the general Administration inclination still was to try to ride out the storm. In the week before the holidays, buoyed by the fact that OPEC had decided in Caracas not to raise oil prices immediately, President Carter himself weighed in with a public statement and a couple of minor policy initiatives designed to underline American belief in the dollar. The U.S. had been under pressure, particularly from the West Germans, to do something, but had been able to stave it off, even at the secret Finance Ministers' meeting in Paris early in December.

But in the week after Christmas there came the unravelling: First, the President's declaration was perceived to be something of a mouse, and not a departure from the policy of intervening in markets only to smooth out erratic fluctuations; second, and critically, Mr. Carter removed Dr. Arthur Burns from the chairmanship of the Fed and replaced him with a largely unknown businessman, Mr. William Miller from Textron. In the opinion of the international financial community it was bad enough that Dr. Burns has to go, because he had become, rightly or wrongly, a symbol of stability and anti-inflationary commitment in a changing and inflationary world. But the manner and timing of the change, it appeared, twisted the knife in the deep and open wound.

The blood continued to flow until the Administration elected to staunch it. In essence it concluded that the markets had become genuinely "disorderly" and, by implication, that there was a level below which it was not permissible for the dollar to fall. This does not mean that the Administration has abandoned its basic position, inherited from its Republican predecessor, that there is no such thing as a "right rate" for the dollar, though it is quite likely that the markets may wish to probe further to discover if there is an Administration policy on an absolute dollar floor.

It is clear that external arguments were also reaching more receptive ears in Washington: West Germany's contention that its ability to expand its economy in accordance with American wishes was being jeopardised by the appreciation of the Deutschemark struck home: so, too, did the arguments of King Khalid of Saudi Arabia, delivered personally to President Carter in Riyadh this week, that the U.S. had to stop the rot if Saudi Arabia were to continue to play a moderating role on the oil price front.

Nevertheless, there remains the persistent fear in both official and market circles here that the activation of the central bank swap network, supplemented by the additional arrangement between the Treasury and the Bundesbank, and the use of the Treasury's own exchange stabilisation fund, will be no more than a temporary tourniquet. In spite of the dramatic initial gains made by the dollar, nobody in Washington is under any illusion that intervention alone is a nostrum.

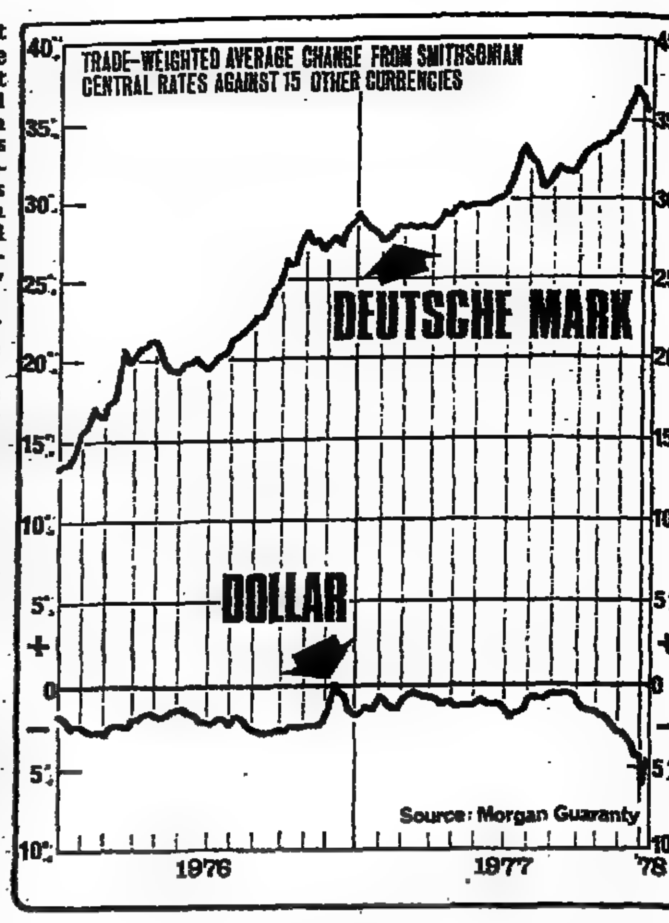
It is clear that the enactment of an Energy Bill by the Congress now has a symbolic importance that far transcends the practical impact that such legislation will have on the actual level of oil imports. Even though the best guesses are that Congress will only give the President 60-70 per cent. of what he originally wanted, it will none the less be construed as an earnest of the Administration's intention to attack a fundamental cause of the payments deficit. It will certainly be seen as a foot in the door that could make possible further constraints on American energy consumption in the future.

Foreign critics of U.S. policy have at times wondered why the President does not simply ration petrol or sharply force up the price of energy to achieve savings. That shows no understanding of the intricate nature of the balance of power in the U.S. and of the limitations of the scope for independent presidential action: nor does it take account of the fact that most of the U.S. simply does not believe that there is such a thing as an energy crisis.

Yet President Carter may find himself with no alternative but to use the threat of such draconian policies, not merely to get the Energy Bill through Congress but to satisfy the international financial community and help maintain the value of the dollar.

If he fails, he may find himself faced with an even less palatable option—the need to deflate the U.S. economy in order to bring down the size of the payments deficit. With the country eagerly awaiting the details of the promised $25bn. in stimulatory tax cuts, such a policy shift would do the Administration's credit no good at all.

Much will also clearly depend on the policies adopted by Mr. Miller at the Fed. No new federal appointee is going to be so minutely scrutinised both at home and overseas as he tries to satisfy international expectations of more neo-Burnsian anti-inflationary leadership on the one hand, and presidential hopes of greater responsiveness to domestic economic needs on the other. Mr. Michael Blumenthal, the Treasury Secretary, who was widely thought to have started the dollar's slide by talking it down last year, will have to watch his public pronouncements with great care. Washington cannot be seen to be speaking with more than one tongue, or Mr. Wallich's "uncertainties, erroneous perceptions and destabilising speculation," could reassert themselves and make the events so far look like a vicarage tea party.



Source: Morgan Guaranty

A little sigh of relief

By ADRIAN DICKS in Bonn

WEST GERMAN officials have reacted to the sudden change of international monetary strategy by the U.S. Treasury and Federal Reserve with the quiet, if still slightly pained, satisfaction of men who feel that they have been right all along, yet have not been given their due.

In public statements, the Finance Minister, Herr Hans Apel, and the official Government spokesman, Dr. Armin Gruenewald, both stressed that in their view the depreciation of the dollar in terms of the Deutsche Mark by some 26 per cent. between the end of 1975 and the close of trading on Wednesday was unjustified by the economic fundamentals. They went on to express their relief that Washington should at last have looked to its own resources in order to defend its currency.

Privately, senior officials closely concerned in the matter are also pleased that it has been possible to claim a belated endorsement of the principles agreed at the 1975 Rambouillet summit meeting, and that the machinery of international co-operation has brought this about without any fresh round of high-level diplomacy.

Yet for the Germans, it has been a close-run thing. When the Bundesbank decided three weeks ago to cut domestic interest rates (already at their lowest levels since the mid-1960s) and to discourage speculative inflows through higher compulsory reserves, it had already been forced to buy over $10bn. while watching the dollar slide to around DM2.15.

Since then, it has been plain that the Bundesbank's measures did not have the desired effect. The scale of its dollar purchases since December 15 are not yet known, but yesterday, before the swap arrangements were announced, it had bought $52.4m. on the official market—the largest single day's intervention since November. Worse, a feeling had begun to be expressed in Bonn and in Frankfurt that the Bundesbank had few weapons left in its armoury to cope with a continued run into the D-Mark.

Until it saw the U.S. Administration put its money where its mouth was the market had some reason to be wary. The U.S.-West German relationship has, on the economic level, been uncomfortable, and at times openly strained during most of the year since Mr. Carter took office. On the German side, that has been due to a certain lingering uncertainty about Washington's goals—Mr. Carter's Administration has come in for particularly heavy criticism because of the delay in agreeing with Congress on an energy policy that would begin to reduce the most troublesome item in the U.S. payments deficit. Even after the activation of the Fed's swap networks on behalf of the dollar, few West German officials would be inclined to deny that an effective U.S. energy policy is the single most important need in the international monetary arena.

Constant harping from Bonn and Frankfurt has doubtless irritated the Americans, but it has been no less tiresome for the Germans to be lectured at regular intervals on the duty of the stronger countries to "do more" for recovery from the 1974-75 international recession. For a start, the Germans feel that it has not yet been sufficiently well understood across the Atlantic that the Federal Republic is no longer running a massive payments surplus.

Results for the first 11 months of this year, published yesterday by the Bundesbank, show that although the surplus on the trade account was up from last year by some DM3bn. to DM34bn., outflows of DM16.5bn. on the transfers account (mainly remittances by foreign workers and payments within the Common Agriculture Policy), DM14bn. on the long-term capital account and of DM12bn. on the services account (mainly holiday travel) left West Germany with a "basic balance deficit" of DM8.5bn. The surplus for all transactions of DM4bn. in the first 11 months of 1977 was made possible only by heavy inflows of short-term funds of a kind which yesterday's measures are intended to stop.

Secondly, West Germany has felt injured by the slowness with which the U.S. has recognised the dangers to its trade presented by the fall of the dollar. Measured against the weighted average of the currencies of its 22 most important trading partners, the D-Mark had risen by Wednesday by over 8.5 per cent. since the end of 1976, over 25 per cent. since the end of 1975 and by 45 per cent. since the end of 1972. Last month the Bundesbank sternly warned the Americans that a continued slide of the dollar would damage German exports to the point of making resumed strong growth impossible.

In past periods of currency turbulence, West German exporters have managed to survive such sharp increases in their prices reasonably well. New markets have been found — in the Middle East and in Eastern Europe, for example. Not least, many of the country's most important export products are complicated pieces of machinery for which reliability, rather than price, is often the deciding factor.

Yet no country where (as Herr Apel pointed out in his statement to-day) one job in four depends on exports could see prices pushed up indefinitely.

What worries Germans most of all is that the latest increases in the D-Mark's external value have made theirs the most expensive country in the world in terms of labour costs. That helps to explain why Bonn is so worried by any development that makes its exports still dearer, and why German business is investing as never before in the U.S.

MEN AND MATTERS

Dali days are here again

The Arts Council is now bracing itself for roars of protest from retired brigadiers and others who consider that true art went out with Landseer. After the notorious Tate Gallery bricks and the Institute of Contemporary Arts picture show for dogs, we are now to be regaled with a surrealist exhibition at the Hayward Gallery. Of course, it is old stuff, really—surrealism was in vogue when those brigadiers were barely subalterns. But a re-creation by Croydon art students next Tuesday in Trafalgar Square of Salvador Dali's antics in the 1930s will certainly brighten a dull day for Fleet Street photographers.

Which provokes a question: will Dali be here for the great surrealist retrospective? After all, he is the arch-priest of that particularly school and at 73 still alive and well and living in Spain. Without him, it may seem like Hamlet without the prince.

I put the question to the Arts Council. "We have invited Dali, but he doesn't answer," a spokesperson admitted. But hasn't it always been alleged that Dali will do almost anything for money? "We don't have any of that around here," was the swift response.

"I've heard of built-in obsolescence, but this is ridiculous!"

Over the waves

Amateur radio enthusiasts all over the country will be fiddling busily with their dials a fortnight hence. It will be the 75th anniversary of the first wireless transmission across the Atlantic, when a crackling morse message arrived for King Edward VII from President Theodore Roosevelt. It was not until years later that spoken messages went on the airwaves—which is how to-day's U.S. President will send his greetings to the Queen in the small hours of January 19.

The anniversary message will be sent, just like the original, from Cape Cod, Massachusetts, to Poldu, in Cornwall. The call-sign will be KM1CC, for the benefit of radio "hams"—as they heartily dislike being called. Needless to say, the Marconi Company is taking a paternal interest in the whole affair, and some of its British directors will be down in Poldu to pay homage to their founder. In 1903, the British end was not equipped to radio back a reply, so an acknowledgement was despatched by the humble undersea cable. This time, an approach has been made to Buckingham Palace for the Queen to pre-record a reply—but it seems that a royal decision is still awaited on that.

Since Cornwall is somewhat remote for a celebration, a junket is being organised nearer London by Ralph Barrett, an official BBC lecturer on the history of radio. He will be setting up his transmitter at Theobalds Park College in Hertfordshire, and will be deploying his call-sign G2FQS, which he has had since he was a lad of 17 before the last war. Among those listening in will be, curiously enough, a knot of guitar players—because on those evenings when Barrett is not on the air he teaches guitar-playing at the college.

Bitter sweet

A fierce, if belated, blow at sponsorship in sport has been struck by Lene Koeppen, women's world badminton champion. A Danish chocolate company, named Toms, gave the national badminton team the equivalent of £10,000, as long as the girls would display their brand name across their bosoms. Lene refused to don her new blouse when Denmark met Britain in Copenhagen this week (winning 7—0, by the way). A year ago she began practising as a dentist, and explains: "How could I morally defend telling children not to eat sweets and chocolate, if I am appearing as an advertisement for the stuff?"

Gentle journey . . .

The Carter spectacular left mixed reactions in its wake in half a dozen countries, but one person was notably unruffled: the President's wife, Rosalynn. Heading home she has told reporters how she enjoys travelling with Jimmy "because it is he who has to do all the arrival statements" and undergo the briefings. Yet if that sounds like feminine innocence abroad, the First Lady was too diplomatic to name a first favourite among the stop-overs. She enjoyed the "marvellous dinner at King Khalid's palace, including the camel's milk," but also relished her chat with Mrs. Gierek, the Polish leader's wife, on "education and social problems." She also had genial observations about the Shah and "a mad car ride" with Mrs. Jehan Sadat to the Aswan Dam. One eye-opener, which obviously produced genuine dismay, was the poverty in India: "I think you are always shocked about that . . . I worry about it. I feel a responsibility."

Do you wonder whether a man like Carter can remain calm amid such a whirlwind of activity, or if he tosses and turns all night anguishing over what he said yesterday and what he will say to-day? Rosalynn has the answer: "We've gotten a good night's sleep every night," she said cheerfully.

Crystal tinkle

Readers will recall the Waterford City council's debate on how to beautify the waterfront — the decision to buy a gondola, and the suggestion to "buy two and breed them."

It provoked gentle mirth among the stockbrokers of Dublin and jogged the memory of a Waterford man in their midst. He tells us that when he was at school, Waterford council proposed buying a chandelier made from the cut glass for which the city is famous. The debate passed off smoothly until an elderly alderman commented: "It's a great idea, to be sure, but shouldn't we find out if someone can play the thing before we buy it?"

Observer

POLITICS TO-DAY

BY MALCOLM RUTHERFORD

Scotland, the Germans and the Lords

THERE IS one compelling reason why there can be no British general election this spring unless the Government is forced into it, and that is Scotland. Nearly all claims to the contrary tend to come from Englishmen who have not yet understood the Scottish question; they are unlikely to prevail at the highest level.

The Scotland Bill now before the House of Commons can hardly receive the Royal Assent before July at the earliest. It is essential that the Government perseveres with it for two reasons. The first is that if the Bill is aborted, like the Scotland and Wales Bill before it, the Labour Party will have to promise to reintroduce devolution in another Parliamentary session if it is returned to power. The idea of yet another session being dominated by this question is itself almost more than flesh and blood can stand. Thus, if the Government were to abandon the Bill in mid-passage for the sake of a snap election, it would run the risk of looking ridiculous.

Perhaps the Government would not mind this too much; the second reason, however, is telling beyond doubt. It is that voluntary abandonment of the Bill would be the biggest possible present that anyone could imagine to the Scottish Nationalists.

To win a general election the Labour Party has to do well in Scotland, on which it depends for its existing plurality. At present, the Labour Party holds 39 of the 71 Scottish seats, and the less-than-independent Scottish Labour Party another two. The Tories hold 16, the Nationalists 11 and the Liberals three. If the Labour vote in Scotland were to collapse, or anything like it, the Party's chances of being the largest group at Westminster would be minimal.

The latest Scottish opinion poll—taken in December—gives Labour 35 per cent., the Nationalists 30 per cent. and the Tories 27 per cent. There is nothing there to suggest that Labour has the sort of lead which it could count on holding during an election campaign. The general trend confirms that view: it shows the three big parties continuing to hover around the 30 per cent. level.

It is also generally admitted that it is the Nationalists who are the most effective once a campaign gets under way. They could be trailing in the polls, but could even pull ahead once the fight began. If the Government were to abandon the Scotland Bill, it would give them just that opportunity. The Nationalists would turn to the country and say: "The Labour Party has shown that it does not care about Scotland. It is more interested in securing a majority at Westminster on the strength of a short-term improvement in the financial indicators. Vote SNP." That is not a risk which the Labour Party can afford to take; nor, one suspects, will Mr. Callaghan let it.

So, barring accidents, the Government is here at least until September, the earliest month in which an election could take place after the Royal Assent to the Scotland Act. There might then be some attraction in holding the Scottish referendum and a general election on the same day, but that is for the future.

* * *

MEANWHILE back in SW1, the struggle between Tories and Labour about who can produce the more German economic policy goes on. It is tempting to say that at present Labour is in the lead. Certainly Mr. Healey's remarks in the January issue of *Socialist Commentary* seem to place him right in the German court. The Government has a duty, he said, "to give the country some idea of the aggregate increase in earnings that is compatible with growth and keeping inflation under control."

That, in a way, is the German incomes policy in a sentence. Early each year the Bonn Economics Ministry issues a set of figures concerning consumption, inflation and so on for the 12 months ahead. It is a little reluctant to be pinned down on whether they should be described as forecasts, guidelines or targets, but perhaps "statement of objectives" is the best way of putting it. One of the figures concerns earnings. What is striking is the regularity with which this target or forecast — call it what you will — is nearly met. Last year, for example, the figure was around 7½ per cent. The OECD notes in its latest *Economic Outlook* that the end result was an 8½ per cent. settlement for the metal-workers at the upper end of the range and a 6½ per cent. settlement for the public sector at the lower end; and comments that such a spread was somewhat wider than usual. (The rise in earnings resulting from wage drift was small.)

All this, of course, is perfectly well-known to Mr. Healey and Mr. Callaghan, but for those who follow German affairs less closely it does help to throw some light on the statements about a government figure for the aggregate increase in earnings. The idea must be going through their minds that if the Government were to argue persuasively enough the case for a particular figure, it might just stick—or thereabouts, as it does in the Federal Republic.

"If the hat fits, well wear it."

And yet we have been here before, with another party. The Tories' *Right Approach to the Economy*, published last October, comes to broadly similar conclusions. "In framing its monetary and other policies," it says, "the Government must come to *some* conclusions about the likely scope for pay increases . . . and this estimate cannot be concealed from the representatives of employers and unions whom it is consulting . . . That is one of the reasons why some kind of forum is desirable where the major participants can sit down calmly together to consider the implications . . . of the Government's fiscal and monetary policies."

In some respects the Tories are still ahead in the debate. They have suggested the forum in which the consultations could take place: namely the NEDC "not least because it is there." It would assume the role of West Germany's "concerted action," which was set up for precisely that consultative purpose. They have also proposed a more independent role for the Central Bank, something which is crucial to the German experience, but which, one suspects, the Labour Party would never agree to.

In such company it seems like carping to suggest that both parties may have missed the point. The reasons why the Germans do better may lie not only in concerted action and a readiness to bow to a Government target, but in certain structural differences. There are, for example, less than 20 German trade unions to speak of. One would also have to travel a very long way in West Germany to hear much talk of differentials. The subject does not come up, presumably because the boilermakers and the hole-borers are all grouped in the same metal-workers' union. That alone could go a long way towards explaining the German performance.

Nevertheless, it is at least something that outside examples are being looked to, and there may be a paradox here. The Tories are looking to the Social Democrat Germany of Karl Schiller and Helmut Schmidt. Messrs. Callaghan and Healey are looking back to the Christian Democrat days of Ludwig Erhard. It is arguable, of course, that there is not much difference between them, but in one respect there is. Erhard was pre-refinements. All the paraphernalia of concerted action and obligatory reports by outside bodies of economic experts came after him. He conducted his incomes policy almost solely by exhortation.

It is instructive to re-read him now, and perhaps the Prime Minister and his Chancellor have been doing just that. "The connection between price increases and the growth of personal incomes in excess of the progress of productivity," wrote Erhard, "must not be overlooked. The inevitable consequences can be measured to within 1 per cent." Wasn't that Mr. Callaghan speaking on *The World This Weekend* last Sunday lunchtime? "Thirty per cent. wage increases, roughly 30 per cent. price increases. Five per cent. wage increases roughly 5 per cent. price increases." It was certainly very like.

Again, Erhard insisted that the pursuit of a successful economic policy meant "changing the economic attitude of the population by psychological means." It was a matter of stomping about the country preaching the message that wages and prices were indissolubly linked. But it was not a moral crusade. On the contrary, Erhard noted that the public would "react unfavourably to any attempt to appeal to its moral sense." Instead the public had to be persuaded that restraint in wages was in its own best interests.

Of course, Erhard had economic growth to play with to an extent that a British Government does not. He was able to point to the rise in real earnings resulting from expansion without inflation. But Messrs. Callaghan and Healey do have a weapon that could be used for a similar purpose, and that is tax cuts. "It is very much better," Mr. Healey said the other day, "to get people to seek to improve their living standards through moderate wage increases associated with tax cuts than with excessive wage increases and no tax cuts." That is beginning to look like the British version of incomes policy by exhortation, and the Prime Minister and the Chancellor could be very goo dat it.

* * *

TO RETURN finally to the Tories, Lord Home—of all people—could shortly be presenting Mrs. Thatcher with another problem. Before the end of the month he will be handing over the report of his committee on the future of the House of Lords. Most people seem to have forgotten the committee's existence. It was set up a year ago rather as a counterpart to the radical ideas on the subject held by Lord Carrington, but apparently it has caught at least some of the radical infection.

Mrs. Thatcher is under no obligation to publish it or to accept it, although it is being written in publishable form. If she rejects it, however, the Tories will have no House of Lords policy at a time when the Labour Party Conference at least has voted to fight the election on a programme of abolition. There can scarcely be another commission, and besides so many of their Lordships now favour a radical reform of the upper House.

Letters to the Editor

Landlord and tenant

From Mr. G. Lyster.

Sir,—While many of the problems raised by Mr. Cherrington in your issue of January 4 undoubtedly exist and are capable of solution, I too attended the Chelmsford meeting, held before the Northfield Committee, but I did not hear the majority of farmers giving vent to their anxieties on the purchase of land by institutions, insurance companies, investment trusts and the like. A vociferous minority perhaps.

The overall message from the great majority of farmers present was to make absolutely clear the following points: That they favour the landlord and tenant system; they welcome institutional investors as a landlord, but would prefer that the institutional investor should be in competition with the private investor and would like to see the existing tax laws amended to bring this about; they do not welcome institutional investors as a farmer, other than on a very limited scale; and they do not favour the additional security of tenure afforded to the tenant farmer by the recent Miscellaneous Provisions Act, which in their opinion serves only to discourage the availability of farms to rent.

Like so many others, Mr. Cherrington fails to distinguish between the institutions owning land for renting to farmers and occupying land themselves.

The great majority of institutions are similarly not interested in farming themselves, well realising the problem of management, but are anxious to provide farms for others to farm at rents which farmers can afford to pay. The meeting at Chelmsford, as I heard it, confirmed that the majority of farmers present favour our existing landlord and tenant system, with all its imperfections and wish that it should be perpetuated.

G. L. Lyster.
Strutt and Parker,
13, Hill Street,
Berkeley Square, W1

Caverns measure up for man

From Mr. D. Howells.

Sir,—I refer to the comments by Sir Alan Cottrell on fast breeder reactors (January 4) and suggest that the proposal to place them underground as a matter of course should be considered in detail at this stage. Not only does this make less claim on scarce land, it probably also makes it easier and cheaper to comply with safety requirements, and when their useful life is over they can probably be dealt with more easily.

Surface sites considered suitable in the past for nuclear reactors have often been located on fairly weak regolith requiring expensive foundations. This problem does not arise in caverns at properly chosen sites and furthermore provision for lateral loads can readily be made by propping from the walls of the cavern.

There is plenty of scope for ingenuity in choosing the dimensions and layout of the caverns and tunnels and of the plant to fit inside them. Caverns 20m. wide are now quite common: they have been built 35m. wide and the feasibility of 50m caverns has been investigated should there be a need for them. Wide caverns do not require the highest quality rock: the need is to make the right investigations and the right preparations to deal with expected and possible but unlikely situations. The choice of sites for such underground power stations needs to take account of cooling water requirements.

The cost of the caverns might be up to 10 per cent. of the whole cost of the plant and a similar sum might be involved in the constraints on the design of items of plant. These costs must be set against an assessment of the advantages.

D. A. Howells.
63, Victoria Drive, S.W.19.

Close down canteens

From Mr. B. Jacobs.

Sir,—I have read with interest the various items concerning the fall in value of the 15p presently allowed for tax purposes and the need for an upward adjustment. May I suggest that all employers close down subsidised canteens operating for their workers and issue them with luncheon vouchers instead. I guarantee that within six months the Trade Unions and the Government will have the tax free value up to £1 at least.

B. Jacobs.
6 Moreland Road, Droitwich.

Energy council needed

From Mr. N. Jenkins.

Sir,—Your issue of December 30, has three items on energy which call for further comment.

The report by John Lloyd on Lord Robens's fears—that the Energy Commission will merely repeat the mistakes of the 1960s — does not suggest that either Lord Robens or the author of the book he has reviewed, Dr. Israel Berkovitch, have specified precisely what would take the place of the enormous building programmes that the Central Electricity Generating Board was — and still is — undertaking. Lord Robens says coal in Britain must be used to the maximum, instancing a return to research in underground gasification, a technique that is certainly not being properly researched, very much of a nonsense when compared with the sums of money being expended on solar and wind power.

Lord Robens seems, like many others who have the right target in sight, reluctant to point to the major source of fuel wastage. His specification for a better energy commission as a powerful independent energy body could not be bettered.

Until we have an energy council the electricity industry will continue to waste twice as much heat as it can turn into useful electricity. This has got to be stopped and only an independent energy council could conceivably be free of the intimidation at present represented by the membership of the existing commission.

Elsewhere in your same issue there is an advertisement by a manufacturer whose name escapes me for "power by parachute" — generators which can be delivered to any inaccessible spot by air. But would the users of such generators employ them to turn the electricity back into heat? By examining the fuel to energy strategy and economics on such a micro-scale the absurdity and aweful consequences of our present scale of energy waste becomes apparent.

In your letters column on the same day a representative of a control systems manufacturer speaks of one important point having been missed in present discussions on energy conservation. I would go further and say that there are no sufficiently acceptable controls available which will do this job really well. The control makers should do a lot more research both into convenience and cost.

Although not precisely what I have in mind let me give an instance: In this neighbourhood there is a large council estate equipped with oil-fired background central heating. There is no gas supply available. Precisely half the tenants have given up the use of this equipment since they believe they cannot afford it. They are using coin-slot electricity instead. The oil in fact costs less than half that of the electricity. But because the oil is supplied from a central tank and is metred for invoicing after use the tenants believe they cannot afford to pay such bills in arrears. All for the lack of a coin-operated oil release valve.

It is perhaps ironic that the heat service operator tells me that the largest users of the few who do burn oil are those on welfare grants — and that in fine weather windows are opened to cool the rooms. Again, a condemnation of the cost/availability of comprehensive control devices.

These are not isolated instances; only a completely independent energy authority could be expected to detect and remedy the underlying cause. In as much as Lord Robens has identified the need what can be done to support his call?

Norman Jenkins.
Whitehill, Ewshot,
Farnham, Surrey.

Surprise in the market

From Mr. P. Richards.

Sir,—Mr. Brian Marber's letter of January 3 on the subject of the efficiency of the stock market contained the assertion that, because the market was surprised by trading results announced recently by both ICI and Bass Charrington, the market is not therefore efficient. His argument was that if the efficient market hypothesis were true, then the market should always correctly anticipate trading results.

This however, is not what the hypothesis is suggesting. The market is "efficient" in the sense that all knowledge which is publicly available, i.e. which is capable of being known by investors, is accurately reflected in current share prices. Clearly, future trading results are not known (by investors) and cannot therefore be reflected in current share prices.

The fact that no analyst came within £5m. in his forecasts of those particular trading results merely confirms how difficult they are to forecast. "Surprising" results are not inconsistent with the efficient market hypothesis. Indeed it would be more surprising if trading results did not from time to time "surprise" the market.

Paul H. Richards.
92, Southwood Lane,
Highgate, N.6.

Academic risks

From Mr. D. Emanuel.

Sir, — I find Mr. Glass's comments (December 20) on academics and the efficient markets hypothesis both objectionable and ill-informed.

The hypothesis comes in three forms: weak, semi-strong and strong. The weak form merely asserts that technical analysis of past prices alone isn't worth the chart it's printed on. Academics are by no means in agreement on the validity of any form of the EMH, although most would agree that major stock markets are at least weakly efficient. Stronger forms tend to fail because of quirks in the tax structure.

A claim such as Mr. Carter's (December 17) has to be viewed in its proper perspective. What about all the investment strategies that other people followed and which failed? (They didn't bother to write about their failures.) Will a method that worked in the past be successful in future? Probably not. Also, while I certainly do not attribute any such motive to Mr. Carter, professional investment managers have, like horse-race tipsters, an incentive to gild the lily.

Mr. Glass's assertion that academics do not put their ideas into practice simply does not hold water. I know many academics who take carefully judged investment risks with results that are often embarrassingly successful and typically better than those obtained by the average unit trust manager.

David Emanuel.
The University of British Columbia,
2075 Westbrook Place,
Vancouver, B.C., Canada.

Costing steel loss areas

From the Secretary,
Transport and General Workers' Union, 187 Branch, Cardiff Steel.

Sir,—With the recent news items that you have published on British Steel Corporation's losses coupled with early closure of two of the Beswick plants at Clyde Iron and Hartlepools and because of the so-called generous compensation to the workers there, the threat now hanging over Cardiff's own East Moors works, I feel I must speak up against those people who say: "Close down the old, inefficient plants."

First of all, the huge losses being made cannot in any shape or form be laid at the door of the older works within BSC. The large modern works created by BSC with high technology plant just are not able to cope with trade cycles. They are very efficient when they are loaded with orders to near capacity. But at times of low worldwide trade such as the current position BSC finds itself in, they themselves become inefficient and carry terrific losses.

On the other hand, many of the older, smaller works, like our own at East Moors, are highly flexible and can (and indeed have) survive profitably during such trade cycles if they are left alone to get on with the job instead of having their order book transferred to these large inefficient plants, and then being condemned out of hand.

Another charge levelled at these older works is that they are overmanned on the simple basis of tonnage output per man. Well, again we have proved here at Cardiff that at the smaller, older works the good industrial relations that have been built up over the years have allowed negotiations to take place that have reduced manning by as much as 25 per cent. If this could be achieved at the modern plants 50 per cent. of BSC's losses would disappear because although these manning reductions have been made at these older works, the overall manning figures of BSC have increased during the same period.

Costing by BSC is another area that has worked against the older plants. Actual losses are a thing of the past in BSC accounting. Costs are being compared with estimated costs and the difference calculated as the plant loss. That's why the claim of £40 per tonne difference between certain works has never been proved; indeed, the Select Parliamentary Committee in taking evidence from Sir Charles Villiers was unable to get the answers on costing that it wanted.

The tonnages being taken from some of the older works to be produced at the so-called efficient plants has been found by customers to be unsuitable for their requirements and in some instances have been sent back to those plants. At Cardiff we are currently having to process an average of 500 tonnes a month coming from other plants via GKN as rejected steel. Who bears this cost?

The Government and BSC ought to look more closely at the early closure of these plants than they have done so far and make sure that any upturn in steel requirements worldwide will be able to be met by BSC, and not be given over to their competitors, as has been the case with previous closures.

Bill Tobutt.
16, Banwell Place,
Llanrumney,
Cardiff.

Slaves to machinery

From Mr. J. Talbot.

Sir,—My motor insurers have written: "you will receive an amended policy schedule showing details of the new car but unfortunately this will show the incorrect registration number of the vehicle. We would advise you that all our records are computerised and we are therefore unable to stop the preparation of the incorrect schedule."

This is another example of the inefficiencies that seem inseparable from the use of computers. Another, of many that could be quoted, is well known to motorists, that is, the delays that have occurred in the licensing office at Swansea since a large and costly computer was installed there. I fear that we are becoming slaves of these infernal machines, and to little purpose beyond satisfying the starry-eyed enthusiasts. The evidence of economy is certainly not clear.

It is reminiscent of the old story about the office that had employed two old dears to distribute cups of tea to the staff. An efficiency expert decided that this was a waste of time and labour: buy a suitable tea trolley and one tea lady could then cope easily. In no time, of course, the office had a tea trolley and three old dears to operate it.

J. E. Talbot.
Verdley Down, Midhurst Road,
Fernhurst, Haslemere,
Surrey.

Clean up the cities

From Mr. P. Allen.

Sir,—I was especially taken by one sentence in Mr. Sandles article on Mickey Mouse *et al* (December 29) I quote—"Disney" World and Disneyland embody the whole Disney image. It is one of incredible cleanliness, efficiency and inoffensiveness." How wonderful if one could say the same of the inner boroughs of U.K. cities!

Philip Allen.
P. W. Allen and Co.,
253 Liverpool Road, N.1.

To-day's Events

GENERAL

Prime Minister ends two-day talks in Bangladesh prior to visiting India.

President Carter ends three-day visit to France to complete his tour, and is expected to visit European Communities Commission in Brussels.

Lord Carver, British Commissioner-designate for Rhodesia, expected to arrive in Mozambique for talks with President Samora Machel.

Talks due to resume in Salisbury between Rhodesian Government and nationalist groups.

Mr. Roy Hattersley, Prices Secretary, ends four-day visit to U.S. to discuss competition and counter-inflation policy with American officials.

Mr. Frederick Mulley, Defence Minister, continues visit to Cairo.

Advisory, Conciliation and Arbitration Service (ACAS) attempts to resolve two-month-old Leyland assembly workers' strike at Speke, Merseyside.

Mrs. Shirley Williams, Education Secretary, speaks on last day of North of England Education conference, York University.

Mrs. Margaret Thatcher, Opposition leader, in Aberdeenshire as part of Scottish tour.

London Chamber of Commerce trade mission to Morocco at debriefing meeting, 69, Cannon Street, E.C.4, 11.30 a.m.

Assistant Masters' Association conference ends, Cyncoed College, Cardiff.

COMPANY MEETING

Lancaster (D. M.), Great Northern Hotel, N., 10.

OPERA

English National Opera perform Janacek's "From the House of the Dead," Coliseum Theatre, W.C.2, 7.30 p.m.

SPORT

Golf: President's Putter, Rye. Tennis: British junior covered courts championships, Queen's Club (10.30 a.m.). Table tennis: England v. China, Middlesbrough.

COMPANY NEWS + COMMENT

S & W Berisford jumps £10m. to £23.6m.

FOLLOWING A jump of £6.31m. to £11.64m. at halfway S. and W. Berisford reports record taxable profits for the year ended September 30, 1977 of £23.57m. against £13.56m. last time. Group turnover advanced from £768.4m. to £1.26bn.

Subsidiaries Tom Martin Metals, acquired on August 16, 1976, and Edward Haigh (Wool), acquired on April 1, 1976, contributed £30.05m. (£2.99m.) and £13.26m. (£6.21m.) to turnover and £2.81m. (£0.32m.) and £0.74m. (£0.27m.) to pre-tax profits respectively.

Basic earnings are shown at 57.48p (34.7p) per 25p share. The dividend is stepped up to 8.25p (6.5p) as forecast at the time of the rights issue in May with a net final of 4.75p, as forecast. Also proposed is a one-for-one scrip issue.

Having regard to ED 19 the directors consider that the major part of the reduction to date in tax liabilities on U.K. profits will, with reasonable probability, continue for the foreseeable future. The tax charge is thus minimal at £2.81m. (£2.92m.) with the majority of the deferred tax provided in 1976 being written back. Comparative figures for 1976 have been adjusted by £3.5m. For the current year £7.69m. has not been provided in respect of deferred tax, with the result in revenue reserves at September 30 being increased by £11.2m.

Had provision for deferred tax been made on the same basis as in previous years earnings per share would have been 35.47p (22.94p).

Net assets amounted to £71.28m.—equal to 180p (121p) per share as at September 30.

	1976-77 £000	1975-76 £000
Turnover	1,261,367	768,402
Profit before tax	23,576	13,564
Taxation	2,810	[illegible]
Net profit	20,766	10,640
Minorities	698	259
Extraord. credit	38	†354
Available	20,132	9,987
Pref. divs.	7	7
Interim	1,107	778
Final	1,877	1,131
To reserves	17,141	8,071

† Debit.

See Lex

INDEX TO COMPANY HIGHLIGHTS

Smith Wallis

PRE-TAX profit of brass, zinc, aluminium, etc., fittings group Smith Wallis and Co. more than doubled from £62,635 to £130,650 in the six months ended September 30, 1977.

After tax of £71,550 (£32,050), net profit emerges at £65,109 (£30,605). A steady interim dividend of 1p per 25p share is to be paid. A 3.06p total was paid last year on taxable profit of £106,020.

Fodens tops £1¼m. midway

COMMERCIAL vehicle manufacturers, Fodens lifted pre-tax profits from £343,000 to £1.28m. for the half-year to October 15, 1977 on turnover ahead from £22.01m. to £25.59m. Profits for all 1976-77 came to £1.74m. on turnover of £47.15m. and the single dividend payment was 2.4375p net per 50p share.

The directors state that demand is still good and the new range of vehicles launched during the year has been well received at home and overseas.

However, since August the major problem has been production interruptions caused by suppliers' strikes. These have severely restrained the company's improving efficiency and "unless this indiscipline settles down quickly it will be difficult to return the profits the company's progress otherwise deserves."

First half profits were struck after interest of £583,000 (£732,000). Tax takes £25,000 (£98,000) and the attributable balance is up from £206,000 to £1,206,000 after extraordinary debits of £38,000 (nil) and minorities of £6,000 (£39,000).

● comment

Though Foden's 12 per cent. rise in sales looks flat, profits for the first six months were on target to meet the group's £2.5m. forecast made at the time of the bid battle with Rolls-Royce. But since the interims the target has been put in some jeopardy. Industrial unrest at some of its suppliers has upset component supplies in the second half and unless Fodens has a good run in the final quarter the market may be in for a disappointment. For the longer term the group is reducing its dependence on the extraction industries, where demand has been depressed, by developing markets overseas and putting greater emphasis on road haulage. However, it is too early to judge the impact of its new Fleetmaster series introduced only a couple of months back. Meantime borrowings—£4.3m. in the last accounts—are lower but nothing dramatic is expected. The R-R bid, worth 53p a share, was rejected on longer-term prospects but at 60p, where the yield is 8.3 per cent. and the p/e is 5½ (£2¼m. fully taxed), the shares are sensibly rated on current trading rather than long-term hopes.

A. G. Barr down to £1.18m.

TURNOVER OF soft drink manufacturers A. G. Barr and Co. slipped from £19.2m. to £18.12m. for the year to October 29, 1977, and profits fell from £2.15m. to £1.18m. subject to tax of £0.62m. compared with £0.95m. At midway the pre-tax surplus was down from ££488,000 to £219,000.

The final dividend is 4.4621p net per 25p share for a 6.4621p (5.7836p) total. A two-for-one scrip issue is also proposed.

Mr. Robert Barr, the chairman, points out that the true percentage drop in turnover was 4.1 per cent. taking into account the 53-week sales period in the 1975-76 accounts.

Hollis Bros. little change mid-term

ON TURNOVER up from £19.99m. to £22.87m. for the six months to September 30, 1977, pre-tax profits of Hollis Bros. and E.S.A. were little changed at £1.03m. against £1.11m. last time, after a higher interest charge of £510,000 compared with £375,000.

Profit for the 1976-77 year improved from £0.99m. to £2.21m. and the directors then said that the reorganisation and restructuring undertaken during the year would stand them in sound stead in the current year.

The interim dividend is increased to 1.17975p (1.05625p) net and a maximum permitted final is anticipated—last year's final was 2.96283p.

● comment

Considering that three-quarters of Hollis Bros.' trading profits come from the highly volatile timber cycle the latest half year results from the group are creditable. While the timber majors have reported profit falls of between 15 and 63 per cent. for the comparable period Hollis has managed to restrict its fall to a mere 7 per cent. This is at a time when volume timber sales have fallen by a fifth, and timber prices started to turn down, reflecting the strength of sterling and Scandinavian devaluations. To some extent the weakness of the merchanting and importing side was offset by the manufacturing interests; but over a half of manufacturing profits are tied to public spending on education, which has been cut to the bone. Moreover Hollis has yet to feel the real impact of the downturn in softwood timber prices which peaked in July and the group remains one of the more highly geared timber companies. Total borrowings have risen from around £8m. to nearly £11m. since the year end, on a 30 per cent. increase in stocks to nearly £13m.; and debt is now about 130 per cent. of shareholder funds. At 71p (up 4p) the shares yield 9.6 per cent., and stand on a prospective p/e of 6.7, assuming a downturn for the year of around a tenth in pre-tax profits, which is in line with the sector.

Freddie Mansfield

Mr. Keith Showering, chairman of Allied Breweries—pre-tax profits have risen from £63m. to £77.2m. in the year to September 24, 1977.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied Breweries	2.68	Mar. 1	2.4	3.93	3.52
Anston Hldgs. ......int.	0.75	Feb. 24	0.75	—	2.4
A. G. Barr	4.46‡	Apr. 7	4.39	6.46	5.78
S. and W. Berisford	4.75†	Apr. 6	3.75	8.25	6.5
Birmingham Pallet	4.1	Mar. 6	4	5.6	5.5
Esperanza Trade ......int.	2	Mar. 20	1.8	—	5.05
Hollis Bros. and ESA int.	1.18	—	1.06	—	4.02
Ratners (Jewellers) ...int.	0.34	Mar. 10	0.28*	—	0.57*
Smith Wallis ......int.	1	Feb. 15	1	—	3.06
F. H. Tomkins ......int.	0.35	Apr. 1	0.3	—	0.87

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.0676p for 1975-76.

Esperanza Trade falls £1m. in first half

PRE-TAX profit of Esperanza Trade and Transport for the six months to September 30, 1977, fell by £1m. to £1.75m. on turnover and fees of £18.2m. against £15.93m.

In October, on reporting record taxable profits for the 1976-77 year of £5.32m., the directors said that the company was in a period of consolidation following expansion which took place during the year, and that profits in the first half of the current year may well be less than the first half of the previous year.

Stated earnings per 12½p share are nearly halved from 13.1p to 7.5p and the interim dividend is lifted to 2p (1.8p) net—last year's final was 3.232p.

An analysis of profit shows that the international services division contributed £1.91m. (£2.65m.): copper and pyrites £70,000 (£0.3m.). Group expenses took £232,000 (£202,000).

Profits from copper were lower owing to the lower price ruling for the metal. International Services did not maintain the level of profits achieved in the previous year due to the downturn in certain sectors of the international trading, construction, and shipping industries to which the company's services are provided.

The company's policy of building up its network of offices worldwide has continued with new services starting in the U.S., Middle East and Central America. The Board remains convinced that prospects for the company's service interests are excellent subject to no further deterioration in world trading conditions.

	Six months 1977 £000	Six months 1976 £000	Year 1976-77 £000
Turnover and fees	18,201	15,932	38,242
Pre-tax profit	1,747	2,700	5,317
Taxation	781	1,168	2,226
Net profit	966	1,099	3,091
Minority interests	96	96	191
Earnings	870	1,484	2,900
Dividends	233	204	353

Birmingham Pallet dips to £142,000

On turnover ahead from £2.1m. to £2.83m. taxable profit of Birmingham Pallet Group declined from £152,836 to £142,058 in the year to October 31, 1977.

At halfway when profit rose £14,000 to £88,000 directors predicted a reduction in profits for the second half.

Earnings per share are stated at 6.85p (7.01p) and the final dividend is ahead from 4p net per 10p share to 4.1p taking the total to 5.6p (5.5p)—equal to an unchanged gross amount.

	1976-77 £	1975-76 £
Sales	2,825,372	2,072,585
Profit before tax	*142,058	152,825
Taxation	72,188	81,357
Net profit	69,870	71,479
Dividends	37,122	36,103
Forward	545,336	332,395

* Includes temporary employment subsidy received of £15,515.

Anston Hldgs. unchanged at halftime

Pre-tax profits of property investors and developers Anston Holdings was virtually unchanged for the half year to October 3, 1977 at £83,100 compared with £82,500 last time. Turnover was down from £454,000 to £380,100.

Stated earnings are unchanged at 1.25p per 25p share and the interim dividend is maintained at 0.75p net—last year's final was 1.6519p and profits £151,160.

Tax took £43,200 (£42,900), leaving a net profit of £39,900 (£39,600).

ISSUE NEWS

J. WILLIAMS—89%

John Williams of Cardiff's three-for-eight rights issue to raise £0.6m. has been taken up as to 88.73 per cent. The balance of the shares not taken up have been sold at a profit, and the net proceeds will be distributed to entitled shareholders.

Morgan Crucible up £2.4m. at 9 months

HAVING ABSORBED the effects of currency changes in the quarter ended October 2, 1977, nine month profits of Morgan Crucible Company are ahead from £6.77m. to £9.2m. before tax.

At halfway profit was ahead from £3.99m. to £6.05m., and for all last year totalled a record £9.98m.

	Nine Months 1977 £000	Nine Months 1976 £000	1976 £000
Sales	67,277	57,210	78,945
Carbon	25,919	[illegible]	31,642
Thermic	28,451	21,290	32,396
Acorn	10,076	8,339	11,385
Others	2,846	2,473	3,112
Trading profit	10,455	7,073	11,298
Carbon	4,071	3,017	4,055
Thermic	4,728	3,507	5,041
Acorn	1,251	787	1,178
Others	155	121	240
Holding co.	277	141	141
Investment income	182	187	293
Net finance charges	1,447	1,492	1,528
Profit before tax	9,200	6,766	9,983
†Tax	4,469	3,473	4,937
Net profit	4,731	3,293	5,046
Minorities, Pf. divs	176	240	293
Attributable Ord.	4,555	3,053	4,753
Extraord. debits	104	13	44
Available	4,451	3,040	4,709

†Less grants for capital expenditure.

Turnover for the nine months is £10m. higher at £67.27m. After all charges available profit comes out at £4.45m. (£3.04m.) and earnings per share are shown at 11p (7.4p). The trading margin is up from 13.9 per cent. to 15.5 per cent.

Mr. Ian Weston Smith, chairman, says the final quarter will likewise be affected by rates of exchange because 1977 sales and profits from overseas companies are consolidated at parities ruling at the end of the year.

However, even though currency movements are attracting much attention Mr. Weston Smith says their potential effect on margins at the trading level and on trading prospects in various markets should not be exaggerated.

Morgan Crucible has begun the new year with a pleasing flow of orders.

● comment

Morgan Crucible's share price rose 6p yesterday to 123p as the market reacted favourably to the third quarter figures after the group's earlier pessimism about margins. In fact trading margins in the third-quarter improved to 15.7 per cent., and over the nine months are up over 1½ points to 15.5 per cent. The transfer of Morganite Special Carbons to Wales has left this division with better-than-average margins. Sales growth however, has steadily declined since the first quarter advance of 30 per cent. and turnover rose only 5 per cent. in the last three months with major markets in Continental Europe, Japan and Australia still struggling to climb out of the recession although the U.S. has performed well. However the group is now reporting a better flow of orders and the company could still top £13.5m. pre-tax profits for the year despite unfavourable currency movements. The shares yield 6.5 per cent. on a maximum dividend and on a p/e of 7.6 taking a line through the interim tax charge.

Ratners advances £1.6m. to £5.94m. for six months

TURNOVER FOR the six months to October 8, 1977, of Ratners (Jewellers) expanded from £4.34m. to £5.94m. and pre-tax profits advanced from £375,407 to £420,960. Last year there were additional pre-tax profits of £81,498 on sales of property.

Mr. L. M. Ratner, the chairman, says that since the half-year end sales have continued at a high level culminating in yet another outstanding Christmas season. Accordingly the directors look forward to a satisfactory increase in full-year profits on last year's £1.4m.

Due to the seasonal nature of the trade the greater part of profits is earned in the second half.

During the period, expansion of the business, with particular regard to the new venture in the Netherlands, caused the initial expenses of the new branches involved, to impinge to an even greater extent on the seasonally modest profits.

Consistent expansion and improvements to existing branches brought about the substantial increase in retail sales says Mr. Ratner. The market share of the group continues to grow, he adds.

New branches were opened during the period at 373, Oxford Street, at Swansea, at Portsmouth, at Swindon, and in Holland in Amsterdam and Eindhoven. Since the end of the half-year branches were opened in Newcastle, Glasgow and South Shields and in Holland at The Hague, Rotterdam and Utrecht.

Additional branch openings are planned for 1978 and propositions are constantly under consideration.

The chairman reports that the group's experience so far in the Netherlands is a favourable one with prevailing turnovers closely resembling those in the U.K. It is expected that when the shops are settled in, turnover should begin to rise and so offset the predominantly higher overheads in Holland.

The interim dividend is effectively lifted from 0.27925p to 0.341325p net per 10p share costing £40,959 (£33,510). Last year's total was equal to 0.569p.

Mr. Ratner says that continued profits growth makes a further enlargement of the capital base desirable. Accordingly a one-for-two scrip issue is proposed.

● comment

While the overall mraket for jewellery has grown by about a fifth, Ratners first half sales rise is 37 per cent., almost all of it coming from increased volume. About £0.7m. came from the six new branches (two in Holland) but margins suffered from opening costs and a sharp increase in overheads and the profits rise is just over 12 per cent. Like its competitors, Ratners is geared towards Christmas and this period evidently provided the High Street jeweller with a record trade. This should lift the full year profits to at least £1.7m., an increase of about a fifth. At 90p the shares are on a p/e of 6.6 (maximum tax charge) but the yield of 1 per cent. reduces the attractions although with a cover of about 23 times there is ample scope for improvement.

Howden Group sees rise in full year earnings

REPORTING pre-tax profits of £1.56m., against £1.54m., for the six months to end October 1977, the directors of engineers, Howden Group say that full year profits should be in line with last year's £4.65m. but with a decrease in the amount attributable to minorities earnings should show an appreciable increase on the 5p per 25p share then reported.

First half tax takes £820,000 (£930,000) and the attributable balance is ahead from £205,000 to £485,000 after minorities.

The directors intend to declare an unchanged interim dividend of 0.933p net in March. Last year's final payment was 2.72724p.

Members are told that operating results are being maintained at the level of last year and the liquidity position continues to be satisfactory.

Companies in the U.K. are showing an overall improvement in both turnover and profit, with James Howden Group making an increased contribution and Howden Compressors showing a welcome recovery trend.

Overseas the Australian and South African Groups are maintaining their profit contribution and this trend will continue in the second half. A reduction in turnover at Howden Parsons because of a rephasing of contract completion dates for the Canadian power station construction programme coupled with lower margins and the weakening of the Canadian dollar against sterling has resulted in a lower profit contribution from Howden Group North America.

Pre-tax profit therefore has been maintained primarily through improved results from the U.K. group and the reduction of trading losses in Howden Holima Refrigeration Group.

HUME CONVERSIONS

Hume Holdings announces that holders of 400,178 "B" 25p shares have converted their holdings to a like number of "A" 25p shares as at December 31, 1977.

The conversion of these "B" shares, representing approximately 24 per cent. of the "B" shares currently in issue, leaves a balance of 1,268,336 in issue.

Allied Breweries £14.2m. higher at £77.2m.

ON TURNOVER, excluding VAT £1.1bn. compared with £885.3m., Allied Breweries raised pre-tax profits by £14.2m. to £77.2m. for the year to September 24, 1977.

In June, reporting an £11.5m. increase to £39.4m. for the first weeks, the directors said that results for the rest of the year were expected to show an improvement on 1975-76 but not at the same rate.

Tax for the year takes £35m. against £31.1m. and minorities £.8m. (£0.6m.). Also taken below the line are foreign currency losses of £0.1m. (£0.9m.), as are gains and losses totalling £3.7m. (£3m.) arising other than from trading—including a surplus on disposal of properties of £3m. (£2.5m.).

Profits were after depreciation £22.7m. (£19.7m.), investment income £4.5m. (£4m.), associated companies £2m. (same), and finance charges £16m. (£13.7m.).

The final dividend is 2.6828p net per 25p share for a 3.9328p (3.5211p) total.

Results include the figures for Teacher (Distillers) and Embassy Hotels (Hyde Park) and their subsidiaries with effect from October 1, 1976 and the figures for Goldwell and its subsidiary with effect from July 2, 1977.

The contributions to turnover and profit before tax from these companies in the 52 weeks results were £67.9m. and £4.8m. respectively.

The group accounting policy on deferred tax has been changed. Deferred tax on all timing differences and stock relief continues to be charged in full in the profit and loss account but that part of the total possible liability that is unlikely to be payable in the foreseeable future has been released to shareholders' funds resulting in an increase in capital reserves of £79m.

Adjustments to financial results calculated in accordance with the interim recommendation of the accounting standards committee are increased cost of sales £11.3m. and increased depreciation £22.2m. less gearing adjustment £10.4m.

These together give a broad indication of the effect of rising costs on the profit before tax. Application of the recommendation on deferred tax set out in ED19 produces a reduction of £24.6m. in the tax charge. The combination of all four adjustments indicates a marginal increase in earnings.

Mr. Derrick Holden-Brown, vice chairman, predicts that the U.K. beer market will be marginally higher in 1977-78.

The summer of 1977 was so very bad he says and it is unlikely that this summer will be anything like that. Because of increased spending the industry is expecting a marginal increase in the beer market and Allied expects "to gain a bit of market share."

Pub trade stood up quite will over Christmas and Allied brands had done quite well but on the High Streets take home trade was surprisingly patchy.

Allied has obtained permission for price increases for Babycham, cider and Hoteks. An application for a beer price increase is bound to be made this finanial year, probably sooner rather than later, he says.

Allied has continued with its capital spending programme announced just over a year ago and has not so far sought to make any changes.

In 1976-77 some £67m. was spent out of the £164m. total and a similar sum is expected to be invested this year.

Asked about whisky prices, he said the Common Market ruling against Distillers, the Johnny Walker firm, could mean prices of the better known export brands going up in Britain by 60p to 70p a bottle.

It was time that the EEC ruling, if extended to other firms such as Allied's Teachers company, currently under investigation in Brussels, could mean the prices of their export brands going up.

But he predicted that other brands would still be on sale in Britain in six months time at substantially the same price as now.

He hinted that Teachers would would be holding the price of its Kings Royal brand, introduced on the home market a year or two ago, in the battle with rival Distillers.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Geevor Tin Mines, Knott Mill, Pontin's Stead and Simpson.

Finals: Robert H. Lowe.

FUTURE DATES

Interims—

AGB Research	Jan. 11
Amber Day	Jan. 17
Commercial Bank of Australia	Feb. 23
Crouch Group	Jan. 18
Samuel (H.)	Jan. 9
Stroud Riley Drummond	Jan. 12
Finals—	
Epicure	†Jan. 11
Hickson and Welch	Jan. 12
Norfolk Capital	Jan. 10
Turner Manufacturing	Jan. 13

† Amended.

Tomkins up £0.14m. so far

MANUFACTURER OF buckles, bright drawn steel and nuts and bolts, F. H. Tomkins, lifted pre-tax profit £136,000 to £856,000 in the six months to October 31, 1977, on turnover ahead from £5.88m. to £7.45m.

Directors say the market for all products handled by the group continues to be difficult with margins under increasing pressure from intense competition both at home and abroad.

Two additional distributor depots will be operating early in 1978 but as the major part of their development costs will fall in the current year no profit contribution is expected until 1978-79.

After tax of £349,000 (£277,000) and minorities attributable profit is £304,000 (£240,400).

The interim dividend is lifted from 0.3p net per 5p share to 0.35p. A 0.5666p final was paid on record profits of £1.47m. last year.

Directors say that while turnover is almost one third up on the first half of last year, a significant part of the increase was in the less profitable areas of steel and fastener manufacture.

Reliant turns in £0.23m. so far

Pre-tax profit of Reliant Motor Group for the seven months to September 30, 1977 was £229,000 on turnover of £15.1m.

Stated earnings per 5p share for the period are 0.8p (0.7p). The last dividend payment was 0.175p for 1974/75. Tax took £67,000 and the amount attributable came out at £150,000.

There are no comparative figures because in bringing the accounting date in line with the company's ultimate holding company, J. F. Nash Securities, a subsidiary of J. F. Nash Holdings, the year-end has been changed from February 28 to September 30.

The group no longer makes provision for deferred tax because, in the opinion of the Board, stock levels and capital investment programmes will continue at current levels for the foreseeable future.

● comment

Reliant Motor's car division struggled into the black to the tune of £15,000 after net redundancy costs of £174,000. Last year the car division reported profits of £104,000 but this was after crediting a temporary employment subsidy worth in excess of £1m. Though the underlying trading profit from car sales is improving, actual sales are far from buoyant. Reliant car registrations in the U.K. fell 10 per cent. during the 7 months and this probably takes in a 15 per cent. decline in the Robin three-wheeler range. An explanation for the poor sales of the three-wheeler can possibly be found in greater financial pressures on the lower income groups which represent the Robin's main market. Meantime Reliant is being sustained by its general engineering activities. This feature will probably continue at least for the first half of the current year though car profits should be better now that its redundancy programme is over. Perhaps the involvement of Nash will make some impact on the long term but in the meantime the shares at 5½p, giving a market capitalisation of £1.35m., are speculative.

J. & H. B. JACKSON

Shareholders of iron, steel and non-ferrous metal merchants, J. and H. B. Jackson, have been sent details of the Preference scrip issue foreshadowed at the time of the profits statement in December. The terms are 1 for 20, a total of 1.2m. 10 per cent. cumulative Preference shares of £1 each.

Mackinnon of Scotland optimistic

In the official document setting out details of the recently announced options which were granted to the Scottish Development Agency, the chairman of Mackinnon of Scotland states that the group's turnover for the year to October 31, 1977, touched £6m., an increase of nearly 50 per cent. over the previous year. He expects a further modest increase in the coming year.

Exports amounted to some 35 per cent. of the turnover and it is hoped to achieve a similar proportion in the current year. The directors expect the preliminary announcement of the full year's results, which will be issued shortly, will show a very satisfactory return to profit.

In the first half of 1976-77 the group showed a profit of £54,699 compared with a loss of £62,332 for all of 1975-76.

Duple sees further improvement

With good order books in the coachbuilding and engineering divisions of Duple International, Mr. Gordon D. J. Hay, the chairman, tells shareholders that the 1977/78 year should produce a further improvement in group profits.

As reported on November 28 pre-tax profits for the year to August 31, 1977 rose from £897,464 to £1.27m. and the company returned to the dividend list with a 0.594p net payment.

Mr. Hay adds tht the group's recovery is complete and the directors are currently examining ways in which activities can be expanded within the framework of Duple's known strengths.

The chairman says that the total proceeds after expenses of the June rights issue amounted to £483,646 and that with a medium term loan of £750,000 has contributed towards a substantial improvement in the group's liquidity. From this, however, he says that £300,000 has been paid since to reduce a secured bank loan and £376,250 will be needed to redeem the company's Loan Stock in February.

Old Court held 24.2 per cent. of the equity at August 31, 1977 and W. S. Yeates holds 3.6 per cent. Working capital increased by £2.1m. (£0.65m.).

Meeting, Lytham, Lancs., January 30 at noon.

Richards forecasts progress

Until there is real economic growth in Western Europe and Scandinavia, Mr. A. R. Robertson, *chairman of textile group* Richards, does not expect a rapid improvement in profitability.

But if the rate of progress proves to be slower than the company's potential and capabilities it will nevertheless be real and solid, he says.

"We are exporting to an ever increasing number of overseas countries, and intend to obtain a greater market share for all our products."

In the year just ended on September 30, 1977, pre-tax profit was down from £931,000 to £768,000.

Mr. Robertson says industrial textiles had an excellent year with demand consistently outstripping its ability to supply its synthetic tarpaulin canvas. This situation is expected to continue for some time. Fire hose did well also, although demand dropped away in the final quarter. It is expected to make a satisfactory contribution to 1978 profits.

He says there are clear indications that the man-made fibre market has bottomed and is beginning to make a cautious recovery. The involuntary rationalisation of the industry recently, with its reduction in capacity, should enable realistic profit margins in due course.

Richards has stepped up its *development projects and sees an* excellent future for its fancy yarns in the knitwear industry.

Meeting, Aberdeen, February 1 at noon.

MONEY MARKET

Further signal on rates

Bank of England Minimum Lending Rate 7 per cent. (since November 25, 1977)

The authorities repeated the message, calling for restraint in the downward pressure on interest rates, in the London money market yesterday. Day-to-day credit was in very short supply and the authorities gave an exceptionally large amount of assistance, but this was still not sufficient to take out the full shortage.

The Bank of England lent a moderate amount for seven days to eight or nine discount houses, at Minimum Lending Rate of 7 per cent., as a signal to the market, and also lent an exceptionally large amount overnight, to the same number of houses at MLR. The authorities also bought a large amount of Treasury bills from the houses, and a small number of local authority bills.

Revenue payments to the Exchequer exceeded Government disbursements by a huge amount, settlement was made for the very substantial amount of gilts sold by the authorities on Wednesday, and the market was also faced with repayment of the large amount lent overnight by the Bank of England. Banks carried forward run down balances, and a slight net take-up of Treasury bills was another adverse factor.

Discount houses buying rates for three-month Treasury bills finished at 5$\frac{11}{16}$-5$\frac{21}{32}$, slightly higher than on Wednesday, but still pointing towards a cut of ½ per cent. to 6½ per cent. in Minimum Lending Rate at to-day's bill tender.

Rates in the table below are nominal in some cases.

Jan. 5 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House Deposit	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	6¾-7¼	—	—	—	7¼	6-7	—	—	—
2 days notice	—	—	6½-6¾	—	—	7¼	—	—	—	—
7 days or 7 days notice	—	6⅞-7½	6⅝-6¾	—	6⅝-7¼	—	[illegible]	—	—	—
One month	[illegible]	[illegible]	6½-6⅝	7-6¾	6⅝-6⅞	7	[illegible]	6⅛	[illegible]	6⅞
Two months	[illegible]	[illegible]	—	[illegible]	6⅝-6⅞	—	6-6¼	[illegible]	[illegible]	6¾-6⅞
Three month	[illegible]	[illegible]	[illegible]	[illegible]	6⅝-6⅝	6½	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	6½	[illegible]	6½-7	—	—	—	[illegible]	6½-7
Nine months	[illegible]	[illegible]	—	[illegible]	7¼	—	—	—	—	—
One year	[illegible]	[illegible]	6⅞-7	[illegible]	7¼	—	—	—	—	—
Two years	—	—	7¾-8	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 9-9¼ per cent.; four years 9½-10 per cent.; five years 10-10¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills [illegible] per cent.; four-month trade bills [illegible] per cent.

Approximate selling rate for one-month Treasury bills 6 per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent. One-month trade bills [illegible] per cent.; two-month [illegible] per cent.; and also three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) [illegible] per cent. from January 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) [illegible] per cent. Clearing Bank Rates for lending [illegible] per cent. Treasury Bills: Average tender rates of discount [illegible] per cent.

NEW LIFE BUSINESS

Little growth at L & G

Legal and General Life Assurance Society, the second largest life company in the U.K., reports a 5 per cent. rise in annual premium from its worldwide life and pensions business in 1977 with new annual premiums totalling £88.6m. against £84.4m. in 1976. Single premium business showed a similar rate of growth, advancing to £21.3m. from £20.4m.

The group's pensions business, by far the largest sector with the organisation, showed a low rate of growth with annual premiums increasing to £55.9m. from £54.2m., but single premiums delined to £17.9m. from £18.8m. But Mr. Ron Peet, L and G's chief executive, considers these results satisfactory in view of the fact that pension scheme improvements were not completely free from the pay restraint policy until last August.

Mr. Peet, however, expects pension business to be more buoyant this year. The group's programme for amending schemes to comply with new legislation was being successfully completed.

Worldwide new life business was more buoyant for individual contracts, with annual premiums rising by 10 per cent. to £25.9m. from £23.5m. and single premiums doubling to £3.1m. from £1.4m. U.K. annual premium business remained static at £16.2m., but single premiums advanced to £2.8m. from £1.1m., the increase of £1.7m. coming entirely from business transacted by the new unit-linked subsidiary in the few weeks of trading since its establishment in October.

The group will make its bonus announcement at the end of March following the completion of its valuation.

U.K. Provident, in contrast to most life companies, reports substantial increases in new business for 1977 in both annual and single premium contracts. New annual premiums increased by 51 per cent. to £7.44m. from £4.93m. and single premiums doubled to £2.47m., from £1.27m. But all this growth came from pension fund business, again in contrast to many life companies' results last year. Annual premiums on ordinary life business fell slightly to £3.27m. from £3.43m., while pension fund business grew to £4.17m. from £1.5m. The growth in single premium business was derived almost entirely from the company's new self-employed pension plan and its individual pension plan.

OTHER LIFE COMPANIES REPORT

AUSTRALIAN MUTUAL PROVIDENT—New business figures for 1977 from U.K. operations show new annual premium for insurances increased 23 per cent. to just over £1m. New ordinary life business sums insured increased by 21 per cent. to £55.80m.

BRITANNIC ASSURANCE—In the two life branches total new annual premiums £13,290,000 (£11,404,000 in 1976) and single premiums £267,000 (£268,000) secured £231,321,000 (£204,765,000) sums assured and £267,000 (£197,000) annuities. Ordinary branch new annual premiums £2,170,000 (£1,929,000), single premiums and annuity considerations £267,000 (£268,000). New sums assured £88,921,000 (£82,603,000) and annuities, immediate and deferred, £267,000 per annum (£197,000). Industrial (home service) branch new annual premiums £11,120,000 (£9,475,000) for sums assured £142,400,000 (£122,163,000).

CLERICAL, MEDICAL AND GENERAL LIFE—Total net new premium income increased to £16.1m. (£15.6m.) of which £6.5m. (£6.2m.) was non-recurring single premiums. Net new individual ordinary life premium income for 1977 was £2.8m. (£2.9m.) and secured new sums assured of £129m. (£149m.). Net new group life and pensions premium income was £13.4m. (£12.8m.) of which £6.7m. (£6.2m.) was non-recurring single premiums.

CMG says 78 per cent. of new money and cash on deposit was invested in the gilt-edged market. By year end the equity and property content of the life fund's portfolio was reduced to 48 per cent. Expect to increase equity investment in 1978.

LIFE ASSOCIATION OF SCOTLAND—New annual premiums amounted to more than £3.4m. (£2.8m.), an increase of 21 per cent. Single premiums, including annuity considerations, increased 32 per cent. to £2.6m. (£1.7m.). New sums assured amounted to £102m. (£86m.) and annuities to £8.3m. (£8.1m.).

PHOENIX ASSURANCE—Worldwide: New sums assured £1,206m. (£1,194m.), new annuities per annum £13.9m. (£13.1m.), new annual premiums £12.8m. (£11.6m.), new single premiums £19.2m. (£3.9m.). Of the £19.2m. new single premiums, £14.1m. is attributable to Property Growth Assurance. New business from overseas subsidiary companies was adversely affected by overseas currency devaluations: new sums assured when expressed in sterling being 29 per cent. down and new annual premiums 7 per cent. down.

U.K. only: New sums assured £980m. (£917m.), new annuities per annum £12.1m. (£12m.), new annual premiums £6.7m. (£7.2m.), new single premiums £1.5m. (£1.3m.).

SCOTTISH EQUITABLE LIFE—New annual premiums £9.2m. (£9.6m.), new single premiums £15.3m. (£6.1m.), new sums assured £166m. (£170m.), new annuities per annum £27.4m. (£19m.).

COMPANY NEWS IN BRIEF

BARAGORA TEA HOLDINGS—Approximate crop for 1977 season 2,325,600 kgs (1,899,092) of which 1,155,500 kgs (1,080,943) sold to November 30 at Tks.21.25 per kg (Tks.18.12). Favourable weather conditions, combined with improved supplies of fertilisers and agricultural chemicals were major factors contributing to crop increase. Bulk of black tea disposed of in Chittagong: disposal of green tea, which has accounted for about 28 per cent. of total crop, has been more difficult than previously due to increased competition in the traditional market in Pakistan. Teas still to be sold, both black and green, are likely to fetch substantially lower prices than earlier and the recently imposed increase in import duty by Pakistan may have an adverse effect on Chittagong market levels. In view of this and higher costs, while it is anticipated that the operations of subsidiary are likely to result in a profit primarily due to the increased crop, it is expected to be substantially lower than in 1976.

CITY OF ABERDEEN LAND ASSOCIATION—Net interim dividend 1p (0.935p) for 1977-78.

DOLOI TEA HOLDINGS—Approximate crop for 1977 season 330,000 Kgs. (272,172), of which 178,300 Kgs. (164,911) sold to November 30 at Tks.23.16 per kilogram (Tks.15.70). Under unusually favourable weather conditions and with an improvement in supply position of both manure and agricultural chemicals, subsidiary has made a record crop. Current market situation is such that teas still to be sold are likely to fetch materially lower prices than earlier and there has been an increase in costs. However, with improvement in crop, it is considered that the profit of the subsidiary is likely to be satisfactory, unless there are any unexpected developments. As a result of recent receipt from Bangladesh of remittance of profit of the operating company for 1976 and having been informed by Treasury that the company is not subject to current regulations on dividend control the directors have declared interim dividend of 10p per 50p Stock Unit for 1977, which is effectively in respect of profit earned for 1976. This dividend will be paid on January 27.

DORANAKANDE RUBBER ESTATES—Net revenue £15,807 (£10,254) for nine months to September 30, 1977. Tax £7,575 (£4,168). Earnings per 10p share 1.5p (0.5p) net assets value per share 55.5p (28.1p). Interim 0.33p already announced. The company's associate, Dormal Investments pre-tax profit for the period was £4,526. On basis of present rentals receivable profit for the year to March 31, 1978 is estimated at £9,000 (£5,323) but would be increased if a further letting is obtained by that date. Doranakande's outstanding loan to Dormal is £75,000. Compensation awarded by the Government of Sri Lanka in respect of nationalisation of the company's estate amounts to £15,467. The first two payments of 10 instalments of compensation to be made half-yearly over five years totalling £2,855 including interest have been received, but this amount has not been included in the above figures, it is stated.

GOLD FIELDS GROUP—Sterling equivalents of dividends announced in December are: Interims—Doornfontein Gold Mining Company 11.98642p, Kloof Gold Mining Company 8.98981p, Libanon Gold Mining Company 23.97294p, Venterspost Gold Mining Company 2.99660p, West Driefontein Gold Mining Company 59.90633p. Finals—East Driefontein Gold Mining Company 35.17086p, Vlakfontein Gold Mining Company 8.98981p.

LONDON INTERCONTINENTAL TRUST—Results for September 30, 1977, year already known. Net current assets £6,513 (£12,390). Auditors report qualified on inability to form opinion on £34,500 due from Mitton Butler Priest and Co., and the effect of a claim for £193,000 from Barclays Bank. Meeting, London Wall Buildings, E.C., January 27, noon.

MESSINA (TRANSVAAL) DEVELOPMENT—Results for year to September 30 1977 already known. Net current assets R14,363 (R16,722). Unless there is some improvement in next few months directors feel it may not be appropriate to declare an interim dividend for the current year. Meeting, Johannesburg, January 26.

MORAN TEA HOLDINGS—To comply with the Indian foreign exchange regulations, relating to the Indianisation of the company's principal trading subsidiary, Moran Tea Company, the directors propose to close the company's year end on December 31 instead of March 31. They expect to announce results for nine months to December 31, 1977 during June 78.

NOYAPARA TEA HOLDINGS—Approximate crop for 1977 season 446,300 kgs (362,434) of which 266,300 kgs (213,027) sold to November 30 at Tks 23.45 per kg (Tks 14.49). Subsidiary's estate had very satisfactory season, due mainly to unusually favourable weather conditions and improvement in fertiliser supply position. Current market situation is that teas still to be sold are likely to fetch materially lower prices than earlier and there has been an increase in costs. However, with improvement in crop it is considered that profit of subsidiary is likely to be satisfactory unless there are any unexpected developments. Remittance of profit of operating company for 1976 has been received from Bangladesh and directors will be meeting shortly to consider how these funds can be made available to shareholders to best advantage.

PHOENIX MINING AND FINANCE—For year to September 30, 1977, sales £1.1m. (£675,826), surplus on sale of investments £90,294 (£19,795), income from investments £54,073 (£32,397), group expenses £31,582 (£31,738), exceptional debits £45,364 (nil) pre-tax profit £39,891 (£20,349). Tax £23,072 (£8,059) and net profit £16,819 (£12,290). Earnings per 25p share 1.05p (0.77p). Net dividend 0.75p (0.375p). Figures include six months of Worldwide Group. Exceptional debit relates to costs of scheme of arrangement, now abandoned with Globe and Phoenix Gold Mining. Directors forecast maintained earnings in current year.

RUO ESTATES HOLDINGS—Accounts for year to June 30, 1977, have been delayed. The directors say they will be published as soon as further information awaited from Malawi is received.

TRIPLEVEST—Net asset value per capital share as at November 30, 1977, 290.25p (291.125p) as at August 31, 1977.

WHESSOE (engineers, etc.)—Results for year to September 24, 1977, reported December 3 with comments on prospects. Group fixed assets £11.85m. (£11.66m.). Net current assets £7.1m. (£4.34m.). Increase in cash balances £1.80m. (£102,000) decrease in overdrafts and short-term loans £90,000 (£2.78m.). Meeting, St. Ermin's Hotel, S.W., on January 23, at noon.

SHARE STAKES

Associated Sprayers: Mr. H. E. Newton Mason, the chairman, has agreed subject to certain conditions being fulfilled for the sale to Mr. R. W. O. Beney of 100,000 shares on or before January 12, 1978, and a further 200,000 shares on or before May 2, 1978.

Glenlivet Distillers: Following conversion of their holdings of 9 per cent. Convertible Unsecured Stock into Ordinary shares, the Ordinary holdings of Beaver House—470,494 shares, and British Railways Pension Fund—506,038 shares, now exceed 5 per cent. of Glenlivet's Ordinary capital.

Clifford and Snell—Halma has acquired a further 500,000 Ordinary shares and reached agreement to purchase a further 85,000 from Mr. R. Raymond, managing director, of Rectifier Modules International. The 500,000 were purchased from R.M.I. Halma's holding is now in excess of 10 per cent.

Edinburgh Ice Rink—Scottish Ice Rink (1928) has acquired a further 5,192 shares, increasing holding to 9.83 per cent. Scottish Ice Rink is controlled by Mr. James Glasgow and, if his personal holding is added to that of his company, he has an interest of 15.32 per cent. in the company.

Averys: Kuwait Investment Office sold on December 22 140,000 shares, reducing its interest to 3,200,000 (8.67 per cent.).

G. R. Dawes: The following acquisitions by directors took place on January 3 at 55p per share: H. A. L. Dawes 125,000 (beneficial), 100,000 (other); N. G. K. Dawes 100,000 (beneficial), 100,000 (other); P. Griffiths 20,000 (beneficial), 8,000 (other); B. G. Rose 60,000 (beneficial), 12,000 (other); R. G. Newman 20,000 (beneficial). Non-beneficial interest of H. A. L. Dawes included in beneficial interest of N. G. K. Dawes. Non-beneficial interest of N. G. K. Dawes included in beneficial interest of H. A. L. Dawes and non-beneficial interest of P. Griffiths included in beneficial interest of B. G. Rose.

Park Place Investments: Siemssen Hunter has purchased a further 30,000 Ordinary shares making a total of 712,500 (15.1 per cent.).

British Dredging Company: W. Adams and Co. (Newport) has purchased 25,000 Ordinary making 625,000 (5.57 per cent.).

Carliol Investment Trust: London and Manchester Assurance and its subsidiaries, hold 1,859,450 Ordinary shares.

G. Blumel: Phoenix Assurance sold 10,000 Ordinary on December 12, 10,000 on December 15, 10,000 on December 16, and is now the beneficial holder of 126,000 shares (5.54 per cent.).

Speedwell Gear Case Company: Talboys Manufacturing Company holds 49,500 Ordinary.

MINING NEWS

Go-ahead for De Beers new Botswana mine

BY KENNETH MARSTON, MINING EDITOR

THE BOTSWANA Government has given the go-ahead for De Beers' new diamond mine at Jwaneng in the Ngwaketse district of southern Botswana. The newcomer is expected to begin production within four years and work has already started on infrastructure for the project.

In Johannesburg yesterday a spokesman for De Beers said that the "basic fiscal arrangements" had been made but he declined to give any further details. A full statement on the cost of the project, planned output and tonnage to be mined, is likely next month.

In his annual statement with the De Beers' 1976 report in April last year the chairman, Mr. Harry Oppenheimer, disclosed that the kimberlite "pipe" discovered at Jwaneng was overlain by a sand and calcrete overburden averaging about 50 metres in depth. He added that "the pipe is large in size and contains diamonds in payable quantities."

Accurate assessment of its potential was reckoned to take about four years and would involve a "substantial" capital investment. The pipe is believed to be about half the size of that at the big Orapa mine to the north, reports our Johannesburg correspondent.

Two means of mining the deposit have been suggested, one involving capital spending of about R100m. (£59m.) and the other costing about half that amount. It appears that the smaller profile has been adopted.

This would yield about 1.5m. carats of diamonds a year, substantially less than at Orapa which is raising annual output from 2.35m. carats to 4.5m. carats by the end of this year. But Jwaneng's profitability would be helped by a more favourable ratio of gem to industrial diamonds than at Orapa where some 85 per cent. of output is in the form of industrial qualities.

Jwaneng is another move in De Beers' plans to increase diamond production, details of which have been already announced. Meanwhile, 1977 has been the most buoyant year in the history of the diamond industry. Despite unprecedented increases in diamond prices, sales of gems have been strong.

The Israeli cutting and polishing industry reports that its sales last year rose in value by 41 per cent. to $1.25bn. (£658m.). The country buys its diamonds from De Beers' Central Selling Organisation which markets them on behalf of De Beers and other world producers.

In 1976 the value of CSO sales climbed to a record $1.55bn. and this total will be well surpassed by that for 1977 which is due to be announced shortly. Whether the pace can be maintained in 1978, however, is doubtful in view of the cooling in world economic conditions, notably in the U.S. which is the world's largest buyer of diamonds. De Beers were 289p yesterday.

GOOD PROGRESS AT ELANDSRAND

Mr. Denis Etheredge, chairman of the Anglo American Corporation group's gold division yesterday detonated the "last blast" which signified the completion of the main shaft sinking operation at the Elandsrand gold mine in South Africa's Far West Rand.

The main shaft has been put down to a depth of 3,195 metres and the nearby men and materials shaft will reach its interim depth of 2,100 metres later in the year. A twin sub-vertical shaft system will ultimately take the Elandsrand working to more than 3,400 metres—just over two miles—below surface.

The development of Elandsrand has been speeded up by imaginative planning and new construction methods with the result that the mine's production date has been brought forward by two years to 1979. Work began on site in December, 1974 and in its projected life Elandsrand will yield some 800 tons of gold. The shares were 154p yesterday.

END NEARS FOR KALGOORLIE SOUTHERN GOLD

Australia's Kalgoorlie Southern Gold Mines N.L. says that if it is unable to complete a farm-out of its leases by March 31, it will seek the appointment of a liquidator.

Shares in the company, in which Western Mining has an effective stake of around 39 per cent., have been suspended in Melbourne at the company's request.

The company said that its cash resources were virtually exhausted: its only assets were its exploration leases and its secured liabilities exceeded $A250,000 (£150,000).

The company's exploration [in] the Kalgoorlie district has [pro]duced no near-surface econ[omic] mineralisation and attempt[s to] seek finance through joint [ven]ture or farm-out of its [leases] have been unsuccessful to d[ate].

Zambia facing mine closures

THE Zambian President, Kenneth Kaunda takes the v[iew] that manpower cut-backs in [the] country's copper mining indu[stry] may be on the way.

Mine closures cannot be car[ried] out without taking into acco[unt] the effect such actions w[ould] have on workers, he said in [an] interview published in Enterp[rise] Magazine, a publication of [the] Zambia Industrial and Min[ing] Corporation.

The President said that if [the] "crunch" comes, some mines [may] well be forced to close. "This, you know, will be a very pai[nful] decision on our part becaus[e it] means thousands will be thro[wn] out of employment. It may w[ell] be that we are forced to do th[is]" he added.

A Presidential committee stu[dy]ing ways of cutting costs [and] increasing production in [the] copper industry is expected to p[re]sent its findings to Dr. Kaunda [by] the end of the week.

MINING BRIEFS

	Four wks. ended Dec. 14	Nov. 16
Electrolytic Zinc		
Risdon Works	(figs. in tonnes)	
Zinc	11,446	11,785
West Coast Mines		
Ore milled	42,386	55,497
Lead concentrate	1,302	1,653
Zinc concentrate	9,011	13,243
Copper concentrate	1,304	1,703

GOLD AND BASE—Output of concentrates (73 per cent. grade) for November: tin 30 tonnes, columbite 1 tonne. Eleven months ended Nov. 30: tin 366 ton[nes], columbite 7 tonnes. Eleven months [ended] Nov. 30, 1976: tin 364 tonnes, colum[bite] 5½ tonnes.

GEEVOR TIN—December: 8,4[illegible] ton[nes] treated produced 50 tonnes Black tin (… cent. Sn.) including 7 tonnes low gr[ade] concentrates (November 97 tonnes).

KILLINGHALL TIN—December tin o[ut]put 47 tonnes (November 48 tonnes).

PAHANG CONSOLIDATED—Decem[ber] production of lode tin concentrates [illegible] tonnes (November 151 tonnes).

● NEWS ANALYSIS—CORAL/PONTIN'S BID

Leisure mergers gather pace

BY ARTHUR SANDLES

IT WAS not long ago that the holiday camp business of Britain was still in the hands of post-war entrepreneurs. When the Coral/Pontin's deal is completed, however, the entrepreneurs will have left the front of stage. Britain's biggest three such businesses—and therefore arguably Britain's biggest three leisure companies—will be owned by the Rank Organisation, J. Coral and Ladbroke. Between them they make tour operators carrying Britons abroad, such as Thomson and Cosmos, look like minnows, at least as far as the number of people handled is concerned.

The basic attraction of the holiday centre business is its relative stability and potential expansion. The camps (the word is no longer applicable but the industry is stuck with it) have an enormous through-put of people, albeit for a relatively short period, and these are people who are spending not inconsiderable amounts in cash. They are a largely captive audience who can be encouraged to spend. The operator's job is to secure customer loyalty and make the centre sufficiently attractive to ensure that spending money remains inside the centre rather than being spent outside.

Over the years Sir Fred Pontin has done this rather better than most. The bulk of Pontin's £6.6m. pre-tax profits last year came from holiday centre operations, and by far the biggest slice of that (more than £5m.) from domestic camp operation. Although Pontin's has done rather better than many predicted in its overseas ventures they still show around half the return on turnover of the domestic activities.

In going for Pontin's Coral has once again followed a path already taken by bookmaking rival Ladbroke. It was long after

Freddie Mansfield

Sir Fred Pontin, chairman of Pontin's.

Ladbroke went into the hotel business and showed that it could pay, that Coral did the same, but instead of choosing the higher end of the market as did the Ladbroke chief Mr. Cyril Stein, Coral headed for the budget priced sector with Centre Hotels. Ladbroke's move into holiday camps and leisure activities generally has been a gradual one. The company has made acquisitions from time to time, but made the whole thing into an operation of consequence with the purchase of a huge holiday centre at Caister in Norfolk, and of the biggest single fleet of boats on the Norfolk Broads.

The Coral move is somewhat more spectacular and would put that company ahead of Ladbroke in the British holiday business.

But why this scurrying into leisure? Well, it is worth repeating that this area of leisure is a cash business, and cash is something that both Coral and Ladbroke have learned to know and love. It involves considerable benefits, but also sizeable management control problems which an outsider might find intimidating at first.

There is also the point that the bookmaking business is under the constant shadow of possible Government intervention in either the betting shop or casino businesses, or both, being attracted by the cash and profits generated by both. Clearly there is a case for taking out some form of insurance.

Unlike many areas of the holiday business, holiday camps seem to have had a relatively healthy 1977. The superb summer of 1976 encouraged the British to think that holidays at home might not be too bad after all, and the camp operators launched massive marketing campaigns. The signs are that things will be even better in 1978, in spite of the disappointment of the weather. The general view is that many blue collar workers (the bread and butter of the holiday centres) will feel themselves to be better off next year—there's nothing like an up-coming election to create an atmosphere of confidence—and that this will help business considerably.

Rank-owned Butlins and pre-bid Pontin's have been doing marketing battle on the television screens lately, while Ladbroke has been playing a more discreet, but reportedly also effective, game in the sales field.

If, as seems likely, the Coral deal goes through, Sir Fred remains at the Pontin's helm for a while we can continue to see his smiling face urging us to book early for his camps. Over the years since the Brean Sands Holiday Resort produced a £16,000 profit in 1947 then became Pontin's and also the cornerstone of to-day's organisation, the whole pattern of holiday camps has changed.

Pontin's was one of the earliest operators to spot the movement to self-catering apartments and chalets, and still one of the few to succeed in running similar operations outside Britain. Sir Fred was sharp enough to be among the rare holiday camp owners who saw a loophole in the Hotel Incentives Scheme of a few years ago which enabled him to get a Government subsidy for some of his new developments. It is difficult to imagine Pontin's without Sir Fred Pontin, even if he is now in his seventies.

Who, after all, would they get to do the television commercials?

BIDS AND DEALS

Walford Maritime expands U.K. base

Walford Maritime, freight forwarders and shipping agency with extensive Central African interests, has bought itself a wider U.K. transport base with the purchase of the Langville group.

The cost of the takeover, announced yesterday, was £500,000 in cash and the issue of 100,000 Ordinary £1 shares in Walford Maritime.

Walford, which is 47 per cent. owned by the British and Commonwealth Shipping Group, has taken the earliest available opportunity to extend its U.K. transport trading base under the terms of a non-competition guarantee it gave at the time it sold its freight forwarding subsidiary, Wingate and Johnson, five years ago.

As part of yesterday's deal, Langville changes its name to Walford Storage and Transport. The two brothers who started the company four years ago, Mr. Tom Hodge and Mr. Paul Hodge, become joint managing directors of the new company.

Mr. Hugh Walford, group managing director, yesterday justified the purchase of Langville on the grounds that shippers are increasingly demanding a through transport service, incorporating road fleet movements at both inward and outward ports. The funds to finance the deal have come directly from reserves accumulated as a result of the sale of Wingate and Johnson and of other African subsidiaries.

Langville, based in Kent, has a fleet of 60 road vehicles and a 220,000 square foot warehousing facility. It comprises four main subsidiaries, Langville, Sampson Transport, Europa Freight Forwarders and Jet Containers and had a turnover last year of £2.5m., compared with Walford's £5.5m.

Most of Langville's business has been in the movement and storage of food and drinks, but it also has 40-tonne heavy lift capacity at its Erith, Kent, warehouse complex.

BIT/NCBPF

The two independent directors of the British Investment Trust—left to look after the interests of minority shareholders following the successful offer from the National Coal Board pension funds—have written to preference shareholders about the choice before them now. It lies between accepting the 90p a share offered by the NCBPF, or waiting for the 110p a share which they are due should NCBPF wind up the company or repay its capital. Since the NCBPF has expressed the intention that BIT shall continue in its present form for the time being, the independent directors and their financial advisers Robert Fleming, recommend shareholders to accept the NCBPF offer.

MARSHALL'S UNIVERSAL

Motor vehicle distributors Marshall's Universal has acquired Whitmore-Northway (Holdings) for a minimum consideration of £275,000 of which £20,000 is to be satisfied by the issue of 15,000 Ordinary shares and £225,000 payable in cash on completion.

In the event of profits after tax for 1978 being £45,833, the consideration will be increased by £6 for every £1 excess. The pre-tax profit for the year to March 31, 1977 was £61,243 and net assets amounted to £198,319 after provision for deferred tax of £88,670.

SPINK CONFIRMS £1M. FORECAST

The formal offer documents for Spink and Son from Andrew Weir confirmed forecast profits of £1m. for Spink this year.

As already known Andrew Weir's agreed offer for Spink, in which it already has irrevocable acceptances for just over 50 per cent. of the Ordinary shares, is by way of offsetting the cyclical nature of its shipping business through diversification. It will also improve the group's return on capital employed. The terms of the offer, 66⅔p (equivalent to 400p per share after adjustment for a proposed five for one capitalisation issue) for the ordinary shares and 40p for each Preference share value Spink at about £3m.

At this level this year's forecast profits amount to a 20 per cent. return on capital.

The directors of Spink, who are recommending the offer, point out that both Mr. Phillip Spink, the chairman, and Mr. David Spink are on the point of retirement and wish to diversify their holdings. In addition it is felt that future expansion of the company would require financial resources which could only come from its being part of a substantial group.

SHARE STAKES

Vickers: Eagle Star Insurance has by further purchases, increased its holding of Cumulative Preference stock to £815,000 nominal (8.96 per cent.). London and Manchester Assurance Company has, by further purchases, increased its holding of Preference 5 per cent. stock to £255,000 nominal (34.07 per cent.) and of 5 per cent. Preference stock to £233,500 nominal (31.13 per cent.).

Property Investment Company: Following purchase of 200,000 shares, Phoenix Assurance Company is now interested in 3,365,000 shares (22.98 per cent.).

Rentokil: Sophus Berendsen of Copenhagen has purchased a further 135,000 shares. Sophus held 54.9 per cent. at the end of 1976 and subsequent purchases have raised the stake to just under 57 per cent.

CAPARO MUST WAIT UNTIL NOVEMBER

The complicated takeover bids involving Caparo Investments on the one hand and Empire Plantations and Investments and Singlo Holdings on the other, will now enter an 11 month recess.

In December the Takeover Panel ruled that Caparo should allow its bid for Singlo to lapse if it wants to convert preference shares and make another bid next year. Caparo followed this advice and has now been told that if it wishes to convert sufficient of its convertible preference shares to give it more than 30 per cent. of the voting rights of Singlo then it will incur a mandatory bid obligation on or after November 30, 1978.

At present Caparo owns 1,307,500 Ordinary shares and 62,919 Preference shares, giving it 28.4 per cent. of the total votes in Singlo. Empire controls 19.5 per cent. of the votes through its 1,325,500 ordinary shares and 10,000 Preference shares and Control Nominees owns a further 6,000 Preference shares. Other than these stakes no other shareholder is known to have a stake greater than 5 per cent. of any class of voting capital.

NORTH BRITISH/ TRUST AND AGENCY

The offer by North British and General Investment Trust for Trust and Agency Company of Australasia has been declared wholly unconditional.

Acceptances have been received in respect of 7,812,440 new Ordinary shares and 7,812,440 deferred shares, representing some 97.65 per cent. of the Ordinary capital, and £930,084 of Preference stock—some 93.01 per cent. The offers will remain open until further notice.

Charterhouse Japhet announces that the value of its offer on behalf of North British for the new Ordinary shares of Trust and Agency is 178.7p per new Ordinary share. This represents 118.5 per cent. of certified net asset value, as defined in the offer document.

LADBROKE EXTENDS

The offer on behalf of Ladbroke Holidays, to acquire Leisure and General had, by 3 p.m. yesterday, been accepted by the holders of 2,898,868 Ordinary shares. The offer has been extended until Friday, January 13.

ABRASIVES INTL.

The offer by Unicorn Industries for Abrasives International closes today.

IMI PURCHASE

Imperial Metal Industries has bought a majority shareholding in Whittaker Hall, a Lancashire-based manufacturer of rotary compressors, vacuum pumps and clutches for an undisclosed sum. The company will become part of the fluid power products division of IMI.

UROGATE INVS.

The offers for Pundaloya Holdings and Scottish Ceylon Tea Company by Urogate Investments have now become unconditional and remain open until further notice. Acceptances have been received for 484,717 Ordinary shares of Pundaloya (75.7 per cent.), and 477,971 Ordinary shares and 990 Preference shares of Scottish Ceylon Tea (50.4 per cent. of the issued voting capital).

SONOCO/TPT

Sonoco Products, the U.S paper group, has completed the acquisition of TPT. Full details of the deal through which Sonoco acquired the outstanding shares in TPT—it already had a direct stake of 0.75 per cent. of the company and control of a further 49.8 per cent. through a subsidiary—were published in September.

RICHARDSON NO TO CARLESS CAPEL

The 25p a share bid for wood preservative manufacturers, S. A. Richardson from Carless Capel and Leonard has been strongly rejected as "opportunist" by the Richardson Board and its advisors, Hill Samuel.

The rejection documents point out that the offer price is considerably lower than the stated book value of the assets which, including 3p per share from deferred tax, amount to 30p per share.

It is also claimed that the price is only 1p higher than the top price at which the shares have traded over the past six months.

The documents also include a profit forecast for the year of only £10,000 pre-tax after £20,194 at half time. Nevertheless the Board is recommending a maintained dividend of 1.5p net.

ICH—NORTHERN ENGINEERING

Acceptances have now been received in respect of 7,998,471 International Combustion (Holdings) stock units which, together with the 765,000 ICH stock units acquired through market purchases by Northern Engineering Industries amount in aggregate to 83.85 per cent. of the issued capital of ICH.

Elections to receive the alternative consideration have been received in respect of 7,561,214 stock units and elections to receive the original consideration have been received in respect of 437,257 stock units.

ICH holders who have already accepted the original consideration are now no longer entitled to elect to receive the alternative consideration. The offer will remain open until further notice and those holders who have not yet accepted the offer may still do so and are entitled to make an election for either the original or the alternative consideration.

JOSEPH WEBB ACQUISITION

Joseph Webb and Co. has acquired Torview Caravan Company for £262,679, payable in cash on completion. Torview is an unlimited company owning a caravan park in the Torbay area of Devon.

It is anticipated that pre-tax profits of Torview for the year ending March 31, 1978, will be some £60,000. Assets are shown at £180,212.

WILLIS FABER TALKS TERMINATED

Talks between Willis Faber and C. Rowbotham Insurance, first announced in November, have been terminated without a bid being made for Rowbotham. The two sides were unable to agree on terms.

BANK RETURN

—	Wednesday Jan. 4 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	27,107,362	— 5,779,440
Special Deposits	1,184,946,000	—
Bankers	313,315,829	— 85,576,880
Reserves & Other Accs.	679,156,889	+ 44,335,688
	2,219,079,569	— 44,630,521
ASSETS		
Govt. Securities	1,587,881,088	— 262,399,999
Advances & Other Accs.	461,560,700	+ 220,995,262
Premises, Equip't & other Secs.	153,560,277	+ 82,694
Notes	25,872,448	+ 2,718,086
Coin	189,566	— 14,554
	2,219,079,569	— 44,630,521
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,000,000,000	— 325,000,000
In Circulation	7,974,121,552	— 327,718,086
In Bank'g Dep't	25,878,448	+ 2,718,086
ASSETS		
Govt. Debts	11,015,100	—
Other Govt. Secs.	7,074,723,699	— 339,432,884
Other Securities	914,261,201	+ 15,432,884
	8,000,000,000	— 325,000,000

LEGAL NOTICES

No. 00101 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Liverpool District Registry Group "A." In the Matter of TUFTCHOICE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 19th day of December 1977, presented to the Court by GRIFFIN FACTORS LIMITED whose Registered Office is situate at 21 Farncombe Road, Worthing, BN11 2BW, in the County of Sussex and MEUBLIMPORT (U.K.) LIMITED whose Registered Office is situate at 23 Great Castle Street, London W1N 8NQ, in the County of Greater London, and that the said Petition is directed to be heard before the Court sitting at the Courts of Justice, St. George's Hall, William Brown Street, Liverpool 3, in the Metropolitan County of Merseyside, on the 30th day of January 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BERMANS,
Solicitors for the Petitioners.
Trident House,
31/33 Dale Street,
Liverpool L2 2NS.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitors (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than six o'clock in the afternoon of the 19th day of January 1978.

No. 004136 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of THE KING OPTICAL CO. LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 28th day of December 1977, presented to the said Court by M. WISEMAN & CO LIMITED, whose registered office is situate at 61-71 Collier Street, London N1 9BE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 30th day of January 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

WM. E. PRIOR & CO.,
Temple Bar House,
23/28, Fleet Street,
London EC4Y 1AA.
Ref: 21A1 7262. Tel: 01-353 5571.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 27th day of January 1978.

No 004166 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MORAX LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 29th day of December 1977, presented to the said Court by AUSMAN MARITIME INTERNATIONAL LIMITED whose registered office is situated at 38, Spray Street, London, S.E.18, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 30th day of January 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

MATTHEW TRACKMAN
LIPTON & SPRY,
169, Piccadilly,
London W1V 0BT.
Ref: KK. Tel: 01-493 9576.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 27th day of January 1978.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Rescue lifts government stake in Dutch Volvo

BY CHARLES BATCHELOR THE HAGUE, Jan. 5.

A RESCUE plan was announced here to-day for Volvo Car BV, the lossmaking Dutch arm of the troubled Swedish automobile manufacturer.

Under the plan, the Dutch Government will increase its stake in Volvo Car BV from 25 to 45 per cent., cutting Volvo's holding to 55 per cent. This will provide a cash injection of Fls.80.3m. (£18.3m.), and the Government has promised further financial support equivalent to £32m. until the end of 1980.

The Dutch Economics Minister, Gijs Van Aardenne said that the Dutch Government will provide the Fl.80.3m. for the Nationale Investeringsbank, to enable Volvo Car to increase its capital to Fl.301m. from florins 220.7m. This would give the NIV, effectively the Dutch State, a 26 2/3 per cent. stake in the capital and leave the Dutch State chemicals and holding company, DSM, with 18 1/3 per cent.

After Volvo Car has reached the break-even point expected in 1981, DSM and Volvo will have the option to return to the previous 25 per cent.-75 per cent. shareholding ratio.

Volvo Car expects to make a total loss of Fl237m. in the three years 1978-1980. Losses in 1977 may exceed Fl.119.5m.

The Volvo parent company will meet Fl.102.5m. of this loss. The Dutch State will provide F198.3m. in interest-free aid and the rest will come from general Dutch investment aid funds.

If Volvo Car's pre-tax profits are more than Fl.30m. in any of the years to 1989, the excess will be used to repay the Dutch state's and Volvo's contributions. Any aid which has not been repaid by 1989 will be written off. The Dutch Government views this as temporary support for a company which has good prospects of long-term survival. It is meant to maintain the 5,300 workforce of Volvo Car in Holland.

A Government nominee will be appointed to the seven-man supervisory board which will then consist of four Volvo, one DSM, one Government and one employee representative.

A Government observer will also attend board meetings. Six of the seven supervisory directors must approve major decisions such as large-scale sackings, liquidation or mergers. An as yet unnamed Swedish chairman of the management board will be appointed temporarily in place of the present Dutch chairman, Mr. A. Van Der Padt.

The teething troubles of Volvo Car's 343 model, which has been the main cause of losses of about Fls.130m. over the past three years, have now been solved. Volvo Car aims to increase production of the 343 and the 66 models to between 100,000 and 120,000 in 1980 from 60,000 last year. It is also now working on a completely new model for introduction in 1983 while the 66 is being phased out.

A spokesman for the unions said they welcomed the plan but said the social problems still have to be solved. The Government's two supervisory board seats mean it will be able to veto any major changes suggested by Volvo. Changes must be made in the internal structure and the management of Volvo Car, they said.

Volvo Car will write off a further Fls.28m. of losses above its contribution mentioned by the Economics Ministry, the union said.

Volvo will be required to deliver components to Volvo Car at cost price.

William Dullforce adds from Stockholm: In a statement from Volvo's Gothenburg headquarters to-day Mr. Pehr Gyllenhammar, the managing director, said the new agreement demonstrated "the great confidence the Dutch authorities have in Volvo and Volvo Car BV's potential."

The cash drain from the Dutch operation was the principal factor in Volvo's earnings slump last year. Group pre-tax earnings during the first nine months were only Kr.229m. against Kr.490m. in the corresponding period of 1976.

Mr. Gyllenhammar said to-day that the agreement with the Dutch Government entailed strong support for the Volvo 343 and the type of car it represented. He has been criticised in Sweden for entering the Dutch operation, which started with the takeover of the DAF company in 1975, but he has consistently maintained that Volvo needs a stake in a sector of the car market which is growing faster than the segment into which Volvo's larger 240 and 260 series fit.

EUROBONDS

Recovery in sterling issues

By Francis Ghilès

THE DOLLAR sector continued firm yesterday, helped by the recovery of the dollar on the foreign exchanges. The floating rate note market was, as it has been since before Christmas, in very good shape helped very much by the dearth of new paper. Sterling denominated bonds had a good da yafter opening a little easier.

This strength led to strong suggestions that a new sterling issue and a new floating rate note issue would be announced over the week-end.

The Deutschemark sector opened somewhat easier but recovered later in the day. As expected, the DM100m. 12-year issue for Forsmark was priced at 99½ following the ¼ per cent. cut in the coupon to 5¾ per cent.

The DM200m. bond for Denmark is expected to be a two-tranche issue, but final terms are not yet known.

The coupon on Norway's DM200m. five-year bond was cut by ¼ per cent. to 4¾ per cent. as anticipated. The issue is expected to be priced at or just below par. Lead manager is Deutsche Bank, who will be finalising terms for the DM150m. bond for Brazil early next week.

BONDTRADE INDEX

	5th Jan.	4th Jan.
Medium	99.74	99.72
Long	93.79	93.77
Convertible	106.86	106.80

EDF $500m. loan signed

THE $500m. eight-year loan for Electricite de France has just been signed in Paris, reports Francis Ghiles. Terms are unchanged from the ones indicated when Credit Lyonnais, the lead manager, got the mandate last autumn: a split spread over the interbank rate, of ⅝ per cent. for the first four years, rising to ¾ per cent., and a grace period of seven years.

U.S. banks—unhappy about the very fine terms, and particularly the very long grace period—shunned this operation. None are to be found in the management group, which comprises 25 banks, representing a strong cross section of banks, with three smaller ones appearing on the tombstone: First Pennsylvania Bank, Pittsburg National Bank and United Virginia Bank.

EDF can draw the money as a straightforward credit or use it to back up a commercial paper issue in the U.S. a formula which it has already used several times in recent years.

Air France near solving problems with State

BY DAVID CURRY PARIS, Jan. 5.

AIR FRANCE's long battle seems to be coming to an end. It has been fighting to have its relations with the State — its parent—spelled out in clearer terms—permitting it to operate with less ministerial interference.

The Government has said that it is ready to sign a "company contract"—a cross between a planning agreement and a peace treaty—with the airline setting out objectives over three years for financial recovery and providing for a gradual scaling down of subsidies.

These subsidies are paid to Air France—and appear as revenue in the books—to compensate for burdens imposed on it by the Government.

The chief of these burdens is the requirement to continue to operate a fleet of 28 elderly Caravelle aircraft (estimated penalty Frs.95m. last year) while the Government worked out its national aircraft construction policy.

The airline is also obliged to divide its activities between the new Charles de Gaulle Airport north of Paris and the old Orly Airport south of the capital, between which there is no direct link (Frs.174m. penalty). It also has to fly subsidised services to Corsica to strengthen the island's communications with the mainland (Frs.16m. setback).

In addition the Concorde service will have set the company back some Frs.300m. last year.

The agreement with the Government is in the context of closer co-opeartion between Air France and its nationalised sister airline Air Inter. One reason for this is to encourage the placing of orders for the Franco-German Airbus for which six additional units will be bought up to 1982.

Another reason is to try to plug the loss of passengers who fly to Paris by Air Inter but are unwilling to change airports to catch Air France international connections. To help overcome this problem Air Inter will transfer some services to Charles de Gaulle.

The main benefit for Air France will almost certainly be permission at last to replace its Caravelles by a dozen or so leased Boeing 737s. These aircraft will tide the company over until the new European medium airliner currently being discussed by France, Germany and the U.K. becomes available in the early 1980s.

Air France will clearly be required to place an early order for this new aircraft which France is determined to develop although Lufthansa is more interested in the shortened B10 version of the Airbus.

The British are under some French pressure to solve British Airways' Trident replacement problem in a similar way which would leave the door open to eventual British purchases of the new European airliner.

A further feature of the contract is that the Concorde operation is likely to be separated financially from the remainder of the airline's business—a recognition that the Government sees little likelihood of Concorde becoming profitable, at least under the present route network.

In 1978 Air France will get a total state subsidy of some Frs.400m. This will be cut down over the next three years as the airline recovers profitability, a hope based on the expectation of an annual 7 per cent. passenger growth and 13 to 16 per cent. increase in freight business annually. Last year's final deficit is likely to be around Frs.450m.

Controls tighten on Gotabanken loss

By William Dullforce

STOCKHOLM, Jan. 5

GOTABANKEN, Sweden's fou[rth] largest commercial bank, a[f]firms that it has made a l[oss] estimated provisionally at so[me] Kr.35m. (£3.9m.) through c[ur]rency speculation by one of [its] senior officials. The Swed[ish] Bank Inspectorate announ[ced] to-day that it would sharp[en] control over banks' curren[cy] transactions following the [dis]closure.

The official, working in [the] bank's arbitrage department [in] Stockholm, is understood to ha[ve] speculated on a rise in the dol[lar] rate on the forward exchan[ge] market. He was not aiming [at] personal gain and no crim[inal] charges are at present conte[m]plated.

He did, however, conceal [his] dealings from his immedi[ate] superiors and, according to [the] bank management, acted aga[inst] general instructions. The ban[k's] managing director, Mr. L[...] Nyren, says it will take time [to] gauge the damage but an al[lo]cation of Kr.35m. is to be ma[de] in the 1977 accounts to cover [the] loss.

The affair will not aff[ect] Gotabanken's customers, acco[rd]ing to Mr. Nyren, but the ban[k's] earnings for 1977 will [be] reduced to around Kr.100m. [fr]om the Kr.135m. originally forec[ast].

Sales rise 6pc. at Karstadt

By Adrian Dicks

BONN, Jan. 5

KARSTADT, West German[y's] largest retail stores group, h[as] announced preliminary resul[ts] for 1977 that show a 5.9 per cen[t] rise in total sales to a new lev[el] of DM8.4bn. excluding trav[el] business.

After allowing for furth[er] increases in the group's sal[es] space during 1977, however, th[e] rise in sales last year was a muc[h] more modest 1.1 per cent. Ne[w] sales floor space added increas[ed] the total by over 14 per cent. [to] some 1.1m. square metres.

Karstadt's department stor[es] trading under its own nam[e] fared the best, increasing tot[al] sales by 8.6 per cent. during th[e] year and sales after adjustme[nt] for greater floor space by 1.7 pe[r] cent. The "down market" K[...] Kaufhaus and Karstadt [...] Warenhaus outlets did less we[ll] with a drop in sales of 10 pe[r] cent.

Travel agencies within th[e] group's stores had a successf[ul] year, with sales up 18 per cen[t] to a new level of DM198m.

Results of the Neckerman[n] group, acquired by Karstadt la[st] year, are not yet consolidated into the group's figures.

Peine-Salzgitter orders fall

BY GUY HAWTIN FRANKFURT, Jan. 5.

PEINE-SALZGITTER, the steel-making arm of the State-owned Salzgitter concern, has just been through its worst business year since the war. Ominously, the current, 1977-78 business year has started off with yet another decline in orders, against the background of an already weakened order book.

The concern's preliminary report on 1976-77, which ended on September 30, says that there is still no sign fo the hoped-for improvements accruing from the European Economic Community's "Davignon Plan" which was intended to stabilise the industry. Figures for the first quarter of the current business year show that demand has declined further.

According to the report, earnings in 1976-77 have been even worse than in the previous year. This hardly comes as a shock—indeed, things have gone so badly throughout the industry, it would be very surprising if Peine-Salzgitter had reported that it had maintained its 1975-1976 results.

The concern's turnover in 1976-77 totalled DM2.16bn. (£533m.)—8.1 per cent. down on 1975-76, itself not a notable year for sales. Capital investment also fell back from DM408m. to DM246m., while the workforce was severaly trimmed, dropping by 4.3 per cent. to 18,291.

Another good year for Rosenthal

ROSENTHAL, the well-known West German ceramics group, has reported yet another good business year at a time when a large number of the country's consumer goods manufacturers have been going through a period of stagnation. According to a preliminary report on 1977, sales have shown substantial growth, while operating profits have also improved.

The group—which a couple of years ago landed a contract to supply crockery for the House of Commons dining rooms in the face of stiff British opposition—reported that group turnover rose by 10 per cent. in 1977. Although this was a slower rate of increase than in 1976, when sales moved up 14.1 per cent. to DM393.6m., last year's turnover rose to DM435m. and for the first time topped the DM400m. mark.

According to the report, the table ware and decorative porcelain sector had a particularly good year. This side contributes some 42 per cent. of the group's total turnover. Its share of the West German market last year rose from 10 per cent. to close on 21 per cent.

At the same time, the small, fine earthenware sector reported a 9 per cent. sales growth. The group's cutlery-making subsidiary, Besteckfabrik Neusorg, which reported stagnating sales in 1976, returned powerfully to growth with turnover up by 20 per cent.

AMERICAN NEWS

Buoyant month for retailers

FINANCIAL TIMES REPORTER

SALES AT Sears Roebuck increased by 21.3 per cent. in the five weeks ended December 31 over the year-earlier period. The increase was 483.2m. to $2.75bn.

Chairman Arthur M. Wood said "We had predicted a record Christmas season but sales continued to strengthen throughout December and surpassed our expectations. The extra selling day before Christmas was a factor. Sales events the week after Christmas drew a very strong response and our business was good in all sectors of the country."

For the 48 weeks ended December 31 gross sales of the retail giant were $17.8bn., up 16.7 per cent. from the previous record of $15.2bn. in the 1976 period.

At the same time, J. C. Penny reports a 22.6 per cent. increase in December sales. This was the store group's largest monthly sales gain since April 1973 and the best gain for a December period in more than 40 years.

Volume for the five weeks ended December 31 was a record $1.714bn. compared with $1.398bn. for the relatively strong December last year. December sales, excluding discontinued supermarket and Italian operations, increased by 24.3 per cent.

For the first 11 months of the fiscal year sales were 12.1 per cent. ahead of last year. Volume for the 48 weeks rose to a record $8.8bn. from $7.86bn. a year ago. Before discontinued operations sales for the 11 months increased by 13.4 per cent.

AP-DJ adds from Los Angeles: Carter Hawley Hale Stores Inc. reported sales for the five weeks ended December 31 were $286.8m., an increase of 16 per cent. over the $247.3m. of December 1976. This was the largest percentage increase in monthly sales in 1977.

Sales for the first 11 months of fiscal 1977 were $1.4bn., an increase of 10 per cent. over the $1.2bn. for the same period of 1976.

Korea Re. opening in London

BY ERIC SHORT

THE SOUTH Korean Finance Ministry has announced that the Korea Reinsurance Corporation plans to establish a wholly-owned subsidiary in London with the intention of transacting most classes of general insurance business.

This is the first move by a local Korean insurance company to operate directly outside the country and can be seen to represent the next stage in the development of the Korean insurance industry. This has expanded fast in the wake of the rapid industrial development in the country, but even so it has not the capacity to cope with insurance requirements.

To meet this capacity problem, the Korean Government has recently allowed foreign insurers to operate in Korea in partnership with local insurance companies. The U.K. composite insurance company Royal Insurance was one of the first insurers to take advantage of this relaxation. Now by establishing a direct presence in London, the Korean insurance industry will be more readily able to underwrite risks on a world basis and will have easy access to Lloyd's.

The new company — Korean Insurance Company United Kingdom — expects to receive the necessary authority to transact business in March. It will have a paid-up capital of £500,000 and will be managed at least for the first five years by Lyon de Falbe Underwriting Agency of London. The Korean insurance industry has not yet acquired the necessary insurance expertise to be able to operate outside of Korea without expert guidance from local established underwriters.

Further growth at La Redoute

TURNOVER OF the French mail-order concern La Redoute should rise by some 15 per cent. excluding taxes in the current financial year, 1977-78, according to a letter to shareholders. This growth rate was reached in the first nine months of the period, which began on March 1, 1977. Total group sales for the first three quarters were up by 11.4 per cent. to some Frs.2.4bn. (£265m.) despite divestment in June of a stake in Ediclub-Rombaldi.

Von Roll loan at par

FINANCIAL TIMES REPORTER

THE CONVERTIBLE loan to be issued by Swiss engineers Von Roll AG will be a 15-year issue carrying a coupon of 4¾ per cent. and priced at par.

Issuing consortium leader Swiss Bank Corporation says the proceeds of the Sw.Frs.80m. funding will redeem short-term credits used to finance the acquisition of the capital of the Swiss steel group Monteforno, finance rationalisation investments and strengthen Von Roll's finances.

An amount of Sw.Frs.60m. will be offered to Von Roll shareholders, with three registered shares giving the right to purchase one Sw.Frs.1,000 nominal of bonds. The remainder of the issue will be offered for public subscription.

An option certificate is attached to every Sw.Frs.1,000 nominal of bonds with one certificate giving the right to purchase three participation certificates of Sw.Frs.100 nominal at a price of Sw.Frs.130 from July this year, to July 1983.

Reuter reports from Paris: The Electricite de France (EDF) eight-year Eurocredit was raised to $500m. from $400m. following heavy demand, lead manager Credit Lyonnais said.

The credit, which EDF signed with a group of 44 banks, carries a spread of ⅝ per cent. over London Interbank Offered Rates for the first four years, rising to ¾ per cent. for the remaining four.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Struggle for Bradmill moves to the court

BY JAMES FORTH SYDNEY, Jan. 5.

THE STRUGGLE for control of Bradmill Industries, the major textile company, moved to the court to-day when La Mode obtained an injunction temporarily preventing Alemada Investments from proceeding with its partial offer for Bradmill.

The move is part of a wider battle between the principals behind La Mode and Alameda for control of Bradmill and another textile company, Cleckheaton. It is the third occasion in recent months in which the parties have gone to the courts over the matter.

La Mode is controlled by Melbourne businessman Mr. Bernie Hendel and currently holds about 20 per cent. of Cleckheaton and 13.5 per cent. of Bradmill. Alameda is controlled by three Melbourne businessmen, Messrs. Abe Goldberg, Paul Fayman and Solomon Lew.

Alameda, with the assistance of Cleckheaton, owns 24 per cent. of Bradmill. Mr. Goldberg owns per cent. of Cleckheaton, and with other shareholders controls the company despite Mr. Hendel's efforts to acquire control. Last month, Alameda announced a partial offer for another 40 per cent. of Bradmill at 72c a share, which was subsequently amended to 30 per cent. at 80c. Before the bid could be made the warring parties agreed to appoint independent arbitrators in an attempt to break the deadlock between them, and it was agreed that neither side would buy or sell Bradmill or Cleckheaton shares until the arbitrators' decision was known. Early this week, however, Alameda surprised by delivering formal takeover documents, only days after it had stated they would not be delivered until mid-January.

La Mode reacted by obtaining an injunction to-day from the Supreme Court of Victoria until January 12, when a hearing will start. Documents released to-day disclosed that the arbitrators had decided that both parties should disclose their entire holdings in Bradmill and Cleckheaton, and auction them before February 17 on a "winner takes all" basis. La Mode claimed that all parties had agreed to the "absolute arbitration and determinations" of the independent arbitrators.

La Mode claims that if Alameda's offer is posted and it takes acceptances from Bradmill shareholders, this would breach the terms of the arbitration agreement.

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In another takeover situation, Westralian Farmers Co-operative to-day picked up about 15 per cent. of the capital of Cuming Smith through a sharemarket raid designed to thwart a formal takeover offer from Howard Smith.

Wesfarmers is interested in Cuming Smith's major asset—a one third interest in fertiliser group, CSBP and Farmers, and recently made a $A60m. bid for CSBP, which was rejected by Cuming Smith directors. Wesfarmers moved to block Howard Smith after the directors declared that they would not sell the CSBP stake if the takeover offer succeeded.

Wesfarmers is seeking 3.64m. shares, or 26 per cent. of Cuming Smith from the current market exercise. It has now obtained 2m. shares. Howard Smith, however, is still hopeful that it will gain more than 50 per cent of Cuming Smith with its $A37m. bid. Howard Smith directors announced to-day that they would press on with the bid and would be prepared to settle for acceptances down to 50.1 per cent.

Slower growth by Wearne

BY H. F. LEE SINGAPORE, Jan. 5.

LEADING Singapore motor trader, Wearne Brothers Limited, which last year chalked up a record 78 per cent. increase in group pre-tax profit, has warned that it is unlikely to maintain this rate of growth in the current year.

In his annual report to shareholders, group chairman Tan Sri Tan Chin Tuan said: "Although the New Year has started well, it is unlikely that the rate of growth which has arisen from greater sales volume and stringent control of costs can be maintained throughout the current year.

"Strenuous efforts are being made to sustain the sales momentum but the economies of Singapore and Malaysia cannot remain isolated from external forces and the world economic outlook is by no means encouraging.

"The effects of currency uncertainties, high unemployment, protectionism and the possible increase in the price of oil in the New Year may affect adversely industrialised as well as developing countries."

For the year ended September, 1977, the group reported a 20 per cent. increase in sales turnover to a record S$294.5m., while pre-tax profit rose at an even higher rate of 78 per cent. to S$28.3m.

Group profit after tax but before an extraordinary profit of S$665,000 was 59 per cent higher at S$14.6m.

Elaborating on the group's fine performance, Tan Sri Tan said that the passenger car market achieved significant growth, 103 per cent. in Singapore and 23 per cent. in Malaysia. Wearne's improved share of this growth in Singapore was 47 per cent. over last year's sales and that in Malaysia was 28 per cent.

The chairman added that its new Ford range of Escorts and Cortinas, the new Opel Berlinas, Kadetts and Geminis and the Leyland Austin Allegro introduced last year enjoyed unprecedented success in Malaysia.

In Singapore, the new Cortina launched in June 1977 and the Austin Allegro in November, he said, should stimulate sales in the current year.

Wearne also achieved a higher penetration in the commercial vehicle sector of the market, particularly in the bus and heavy truck business.

However, its heavy equipment division "did not perform to expectations," and a turnround, the chairman stated, will depend much on the state of timber extraction activity and new construction projects.

Wearne has revalued its properties and this has thrown up a surplus of S$71.98m., thereby helping to boost shareholders' funds to S$208.7m.

The group has recently announced a one-for-two scrip issue which will bring its issued capital to S$67.6m.

Wearne's chief executive is ex-British Leyland man Mr. Filmer Paradise who was recruited in 1975 when the group's fortunes were sagging. Since then, the group's profit has risen five-fold.

* * *

Anthony Rowley writes: Mr. A. A. Webster will retire as chairman and chief executive of Inchcape Berhad on March 31. He will be joining the head office of the Inchcape Group in London to take up a senior appointment there directly concerned with the group's automotive interests.

Mr. D. R. Davies, currently managing director of the Anglo-Thai Corporation, has accepted the position of chairman and managing director of Inchcape Berhad, effective from April 1.

MR. MILLER AT THE FED

Filling the gap at Textron

BY STEWART FLEMING IN NEW YORK

THE IMMINENT departure of Textron's chief executive—52-year-old Mr. G. William Miller, who is about to replace Mr. Arthur Burns as chairman of the Federal Reserve Board—is of obvious concern to the shareholders of Textron, not least because of the succession problem it presents to the company.

At the very least, it is suggested, the removal of the powerful leadership of Mr. Miller will make it less likely that Textron—a company with assets of $1.5bn. and some 64,000 employees—will evolve new aggressive growth strategies, such as those apparent from the merger moves now fashionable in other leading corporate Bardromms.

Without Mr. Miller, one leading analyst suggests, the conservatism which has typified the company's development in the 1970s is likely to become more pronounced.

What may be of deeper concern is the fear, expressed by John Adams, of the Boston stockbrokers, Adams Harkness and Hill, that the resignation of Mr. Miller removes the force which has held the diverse Textron businesses together and led to an impressive and steady growth of profits.

The company's management structure gives only supervisory, not operating, authority to the top echelon of corporate executives, and this has helped to concentrate power in the hands of the "dynamic" Mr. Miller, as Mr. Adams points out. Since Mr. Royal Little began creating the conglomerate in the 1950s, Textron has been dominated by a single forceful chief executive. Unless another such leader emerges management structure may have to be revised.

Textron early on became known as the "father of conglomerates." As Mr. Little and his successors began piecing together through acquisitions the diverse range of businesses which became to-day's Textron, Mr. Miller, at the early age of 35 in 1960, had become an integral force in the company's creation. In that year he was appointed president, at a time when annual sales revenues were only $383m., and net earnings $14m. He became chief executive in 1968 and chairman in 1974.

Textron is accurately described as a conglomerate, in as much as that describes the diverse range of unrelated businesses which the company encompasses, and the fact that its initial growth was based on acquisitions.

Today, Textron's 26 subsidiary company profit centres cover fields such as aerospace, through fasteners and "Homelite" chain saws. Shaeffer pens, special bearings, machine tools and even—in Australia—greetings cards.

In the U.K., Textron has interests in machine tools through Adcock-Shipley—which specialises in milling machines. Other U.K. interests include stapling and nailing equipment through Bostitch, fasteners through Aero Zipp, industrial and aerospace bearings through Fafnir, and writing instruments through Sheaffer.

As in the case of many conglomerates, however, the diversity of interests is more apparent than real. At most, a dozen of these diverse companies make significant contributions to profits, and in the past two years over one-third of earnings have come from aerospace operations, particularly helicopter. For this reason the company's failure in 1976 to land the U.S. Army contract for a new advanced attack helicopter is worrying some share analysts. Textron itself says that the upgrading to its existing model will give it a continuing share in this market.

Textron has been a remarkably sedate conglomerate, through sound and conservative management. Under Mr. Miller, it never got caught in the frenzied merger wave of the late 1960s, and while other conglomerates such as LingTemco Vought burdened themselves with eventually unsupportable debt through over-expansion, Textron eschewed rashness. At the end of 1976, long-term debt of $227m. was only a little more than one quarter of net worth. To-day, the cash resources of the company are so strong that it is buying 9.6 per cent. of a leading chemical concern, Allied Chemical, as an investment.

Mr. Miller's restless energy has caught the public notice intermittently only during this decade—for example, in 1974, when he proposed a scheme for buying 45 per cent. of the troubled aerospace giant, Lockheed—a scheme which eventually collapsed.

In the previous year, Textron had made its last substantial acquisition—an ill-judged and ill-timed move into insurance through the purchase of the Security Group of insurance companies. Last September it announced it was selling the business.

Within the company, however, share anlysts say, Mr. Miller was busy improving the quality of management, controlling inventories and cash, and motivating the autonomous executives who manage the various divisions. It is this "nuts and bolts" management and the fact that Miller knew "where every dime and every nickel" was, which, together with the company's solid performance in the 1974-75 recession, helps to account for his high reputation as a manager.

Now, investors are watching to see how the directors handle the succession, and there is some speculation that Mr. Miller's deputy, Mr. Joseph Collinson, could get the job. That, however, might prove only a cautious, interim appointment, for Mr. Collinson is 63, and becomes eligible for retirement at 65.

TEXTRON'S PERFORMANCE

	Year to Jan. 1 1977 $	Jan. 3 1976 $
Sales	2.63bn.	2.46bn.
Net income	121m.	96m.
Net per share	3.23	2.58

Year to Jan. 1, 1977	Sales $m.	Net income $m.
Aerospace	968	43
Consumer	714	34
Industrial	513	16
Metal Products	432	24

South African interest rates fall

BY RICHARD ROLFE JOHANNESBURG, Jan. 5.

THE DECLINING tendency of long-term interest rates in South Africa has been resumed after a pause of several weeks. Escom, the state electricity undertaking which is a major borrower in the local capital markets, has reduced its long-term pattern rate from 11.65 per cent. to 11.55 per cent.

This reduction in the rate at which Escom sells its stock to the secondary market reflects continued high demand from the investment institutions, which at present are unusually liquid.

With institutional cash flows rising at about 16 per cent. to 17 per cent. compound, the weight of funds seeking investment avenues in 1978 will probably be over R2bn.

Of this the greater part will be compulsorily channelled into "prescribed securities," which are primarily government and public corporation stocks, including Escom.

The latest drift down in long term rates will do no harm to the share market, now at 214.4 on the Rand Daily Mail Industrial Index and at its highest level since February 1976. Over 1977, the average yield on the index declined from 11.6 per cent. to the current 9.5 per cent., a decline mirrored by Escom, which paid 12.6 per cent. on long term funds during the year.

But inflationary expectations may curb the fall in long-term rates before long. The New Year has opened with increases in the administered prices of steel, sugar, bread and fertilizer and others, such as coal, are probably in the pipeline, suggesting little room for the standard cost of living indices to fall below the current annual rate of about 11.5 per cent.

* * *

ASSETS of the nine trust funds operated by the Bank Leumi group rose by 63 per cent. in 1977 to the equivalent of £270m., writes L. Daniel from Tel Aviv. This rate of increase compares with a rise of 43.6 per cent. in the consumer price index.

Management has already declared dividends in respect of two trusts for fiscal 1977—Zamid, a net 25 per cent. after tax as against 20 per cent. in 1976, and Gavish, 30 per cent. after tax against 20 per cent. previously.

Final dividends will be paid after January 31, 1978, of 13 per cent. before tax, to holders of Zamid certificates (10 per cent. previously). The total of dividends to be distributed by the two funds will come to just over £5m., or about 20 per cent. of profits.

According to past experience, most of the money is likely to be reinvested in one of the Bank's trusts.

Alcoa centralises

BY JOHN WICKS ZURICH, Jan. 5.

ALCOA GROUP, the world's leading aluminium concern, has set up a new regional headquarters for Europe, the Middle East and Africa in Lausanne. This marks the centralisation there of management functions in connection with the group production and sales of the subsidiary operations in the countries in question. The unit is based on the existing sales offices in Switzerland of Alcoa International Inc.

The head of the European management function, Regional manager Ward Stewart, said to-day that business of Alcoa in Europe, the Middle East and Africa was expanding. A realignment of management had been completed in the region.

Fibre links favoured

BY CHARLES SMITH TOKYO, Jan. 5.

THE MINISTRY of International Trade and Industry takes a favourable view of "tie-ups" between major Japanese synthetic natural fibre manufacturers but is not prepared to force such action on the industry, a Ministry spokesman said to-day. "We expect some fruitful progress in this area, and we may be able to push at some point, but at present we have no concrete ideas."

The spokesman was commenting on press reports of an imminent reorganisation of the Japanese fibre industry into four major groups each one consisting of a merger of two existing companies. The list of proposed groupings would include Asahi Kasei and Kanebo, Teijin and Unitika, Toray and Kuraray, and Toyobo and Mitsubishi Rayon.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8¾pc 1989	98¼	99
AMEV 8pc 1987	98½	99¼
Australia 8½pc 1992	96	96½
Australian M. & S. 9½pc '92	100	100½
Barclays Bank 8½pc 1992	97½	98¼
Bowater 9½pc 1992	98½	99
Can. N. Railway 8½pc 1986	96	96½
Credit National 8½pc 1986	96	96¼
Denmark 8½pc 1984	99½	100¼
ECS 9pc 1995	99½	100¼
ECS 8½pc 1997	98½	99
EIB 8½pc 1992	98½	100
EMI 9½pc 1989	99½	100
Ericsson 8½pc 1989	96½	98¼
Esso 8pc 1986 Nov.	100½	101
Gt. Lakes Paper 8½pc 1984	99½	100
Hamersley 9½pc 1992	100½	101½
Hydro-Quebec 9pc 1992	97½	98
ICI 8½pc 1987	97½	98
ISE Canada 9½pc 1986	102½	103½
Macmillan Bloedel 9pc 1992	98½	100
Massey Ferguson 9½pc 1991	102½	103½
Michelin 9½pc 1988	101½	102
Midland Int. Fin. 8½pc 1992	97½	98½
National Coal Bd. 8pc 1987	96½	98
National Westminster 9pc '86	102½	103
Newfoundland 9pc 1989	100	100½
Norges Kom. Bank 8½pc '92	96½	97½
Norpipe 8½pc 1989	97½	98
Norsk Hydro 8½pc 1992	97½	98
Oslo 9pc 1988	100	100½
Ports Autonomes 9pc 1991	99½	100¼
Prov. Quebec 9pc 1995	96½	97½
Prov. Saskatch. 8½pc 1986	100	100½
Reed International 9pc 1987	96¼	97
RHM 9pc 1992	96½	97½
Selection Trust 8½pc 1989	93½	94½
Skand. Enskilda 9pc 1991	100	100½
SKF 8pc 1987	94½	95
Sweden (K'dom) 8½pc 1987	96½	97½
United Biscuits 9pc 1989	99½	100
Volvo 8pc 1987 March	94½	95

NOTES	Bid	Offer
Australia 7½pc 1984	96	96½
Bell Canada 7½pc 1987	96½	97
Br. Columbia Hyd 7½pc '85	93½	96
Can. Pac. 8½pc 1984	99½	100
Dow Chemical 8pc 1986	100½	101
ECS 7½pc 1982	97½	98
ECS 8½pc 1989	97½	98
EEC 7½pc 1982	97½	98
EEC 7½pc 1984	96½	97½
Enso Gutzeit 8½pc 1984	97	97½
Gotaverken 7½pc 1982	97½	98½
Kockums 8pc 1983	97½	98½
Michelin 8½pc 1983	100	101½
Montreal Urban 8½pc 1981	99½	100
New Brunswick 8pc 1984	97½	98
New Bruns. Prov. 8½pc '83	102	102½
New Zealand 8½pc 1986	97½	98½
Nordic Inv. Bank 7½pc 1984	96½	97
Norsk Hydro 7½pc 1982	97½	98½
Norway 7½pc 1982	97	97½
Ontario Hydro 8pc 1987	96½	97
Singer 8½pc 1982	102	100½
S. of Scot. Elec. 8½pc 1981	99½	101½
Sweden (K'dom) 7½pc 1982	97	97½
Swedish State Co. 7½pc 1982	97½	98
Telmex 9½pc 1984	98½	99½
Tenneco 7½pc 1987 May	94	94½
Volkswagen 7½pc 1987	94½	95½

STERLING BONDS	Bid	Offer
Courtaulds 9½pc 1989	96	96½
ECS 9½pc 1989	100½	101
EIB 9½pc 1992	97½	98½
Finance for Ind. 9½pc 1987	97½	98½
Fisons 10½pc 1987	99½	100
Total Oil 9½pc 1984	97½	98½

DM BONDS	Bid	Offer
Austria 6½pc 1985	106	107
BFCE 7pc 1987	107½	108½
Denmark 8½pc 1983	107½	108½
EIB 6½pc 1984	105½	106
Grand Met. 7pc 1984	100½	101½
Hydro-Quebec 6½pc 1987	100½	101½
ICI 6½pc 1987	[illegible]	[illegible]
Montreal 7pc 1987	103	103
Norsea Gas 7pc 1989	105½	106
Norsk Hydro 6½pc 1989	104½	105½
Norway 5½pc 1982	102½	104½
Shell 6½pc 1989	[illegible]	109½
Spain 6½pc 1984	100½	101
Sweden 6½pc 1984	105	106
World Bank 6½pc 1987	103½	104½

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 7 15/16pc	98½	99½
BFCE 1984 7pc	97½	98
BNP 1983 6½pc	98½	99
CCF 1983 7pc	99	99½
CGMF 1984 6 13/16pc	99	99½
Creditanstalt 1984 7½pc	98½	99½
Credit Lyonnais 1982 6½pc	98½	99½
DG Bank 1982 7 13/16pc	99½	100½
GZB 1981 7½pc	100½	[illegible]
Intl. Westmstr. '84 7 15/16pc	99½	99½
Lloyds 1983 7½pc	99½	100½
LTCB 1982 6½pc	99½	99½
Midland 1982 8pc	101½	102
Midland 1987 7 11/16pc	[illegible]	99½
OKB 1983 6½pc	99½	99½
SNCF 1985 6 13/16pc	97½	97½
Stndd. and Chrtrd. '84 6½pc	95½	[illegible]
Wms. and Glyns 1984 7pc	99½	99½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	79½	81½
Ashland 5pc 1988	91½	93½
Babcock & Wilcox 6½pc '97	95½	96½
Beatrice Foods 4½pc 1992	94½	96½
Beatrice Foods 4½pc 1992	105½	107½
Beecham 6½pc 1992	101	102
Borden 5pc 1992	100½	102½
Broadway Hale 4½pc 1987	73½	75½
Carnation 4pc 1987	78	80
Chevron 5pc 1988	121	123
Dart 4½pc 1987	79	81
Eastman Kodak 4½pc 1988	84½	86½
Economic Labs. 4½pc 1987	79	80
Firestone 5pc 1988	80	82
Ford 5pc 1988	82	84
General Electric 4½pc 1987	81	83
Gillette 4½pc 1987	77	79
Gould 5pc 1987	109½	111½
Gulf and Western 5pc 1988	76	78
Harris 5pc 1992	139	141
Honeywell 6pc 1986	85½	87½
ICI 6½pc 1992	87½	88½
INA 6pc 1997	94½	95½
Inchcape 6½pc 1992	104½	106½
ITT 4½pc 1987	76	78
Jusco 6pc 1992	102½	104½
Komatsu 7½pc 1990	99½	100½
J. Ray McDermott 4½pc '87	167½	169½
Matsushita 6½pc 1990	116	117
Mitsui 7½pc 1990	102½	103½
J. P. Morgan 4½pc 1987	95	97
Nabisco 5½pc 1988	98	100
Owens Illinois 4½pc 1987	118½	120½
J. C. Penney 4½pc 1987	74½	76½
Revlon 4½pc 1987	112	114
Reynolds Metals 5pc 1988	85	87
Sandvik 6½pc 1988	104½	105½
Sperry Rand 4½pc 1987	84½	86½
Squibb 4½pc 1987	77½	79½
Texaco 4½pc 1988	75½	77½
Toshiba 6½pc 1992	92	93
Union Carbide 4½pc 1982	91	[illegible]
Warner Lambert 4½pc 1987	79½	81½
Warner Lambert 4½pc 1988	71½	73½
Xerox 5pc 1988	76½	78½

Source: Kidder, Peabody Securities.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Early rally reversed—Dow net 8 off

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Jan. 5.

AFTER STAGING a sharp and broadly-based rally at the opening today on the dollar's continued recovery abroad, Wall Street returned to a downward course to close substantially lower on balance after another active business.

The Dow Jones Industrial Average ended 8.66 down at 804.92, after initially rising to 822.77, while the NYSE All Common Index was finally 38 cents lower at $51.25, after recovering to $51.99. Losses held an edge over gains of 834 to 547 at the close, while turnover came to 23.57m. shares, compared with 24.09m. yesterday.

Heavy early buying from overseas and in the U.S. followed the rally in the dollar on foreign exchanges after massive U.S. intervention to halt its long and steep decline.

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
American Medicorp	426,500	23	−1
Walt Disney	325,600	39½	−⅜
G. D. Searle	320,200	13	—
Xerox	271,300	45½	−1
Sony	235,000	7⅞	—
Dow Chemical	219,000	25⅞	−⅞
Airco	125,000	34⅝	+¼
Sears Roebuck	193,000	26⅛	−⅝
Texaco	184,930	26⅝	−⅜
Marshall Field	167,900	33	−1

However, brokers attributed later selling to investors' wariness about the basic problems behind the dollar's deterioration, such as a chronic U.S. trade deficit, which have not been solved.

Analysts also traced hesitation awaiting the weekly Money Supply figures. After the close, the Federal Reserve reported that the narrow definition, M1, rose $400m. in the latest reporting week, while the more broadly defined aggregate, M2, expanded by $1.4bn., raising the possibility of Prime Rate increases.

Glamour issues figured prominently, with IBM falling 3⅝ to $266⅜, and Du Pont 4¼ to $112½.

Higher December sales failed to help the major retail chains, K-Mart losing 1¼ to $25⅞ and Sears ⅞ to $26⅛.

Against the trend, Gold Mining shares picked up strongly in the afternoon on the uncertain outlook for the dollar. Dome Mines jumped 4 to $69⅞, Campbell Red-lake 1⅞ to $37⅛, and Rosario Resources 1⅛ to $22⅜.

THE AMERICAN S.E. Market Value Index recorded a net decline of 1.23 at 124.91 following another moderate trade. Volume 2.53m. shares (2.50m.).

OTHER MARKETS

Canada Easier

Canadian Stock Markets, after picking up a little yesterday morning, resumed an easier stance. Trading was fairly active. The Toronto omposite Index lost 5.5 more to 1038.4, while Oils and Gas fell afresh by 28.5 to 1403.7 and Metals and Minerals were 11.5 weaker at 875.2. However, Golds moved ahead 32.8 to 1397.4.

PARIS—Market staged a good recovery in response to the U.S. measures to support the dollar.

Operators who recently moved out of shares into Gold switched back again, pushing the price of the Napoleon gold coin down over Frs.6.0 to Frs.263.5, while Gold shares fell sharply.

Michelin "B" rose 35 to Frs.1,121, Eurafrance 11 to Frs.162, BSN 12 to Frs.364, Aquitaine 7.8 to Frs.315, and Roussel-Uclaf 8 to Frs.171.

BRUSSELS — Bourse prices rallied in lively trading.

Societe Generale Banque added 65 at B.Frs. 2,745 and Petrofina 60 at B.Frs. 3,740.

AMSTERDAM—Mostly firmer. ROYAL DUTCH, Fls.3.2 higher, were prominent in Dutch Internationals. Shippings gained up to Fls.3.2 while, elsewhere, KLM put on Fls.1.9 and Ahold Fls.2.5.

GERMANY—Market was actively higher, with the rise of the dollar on Foreign Exchange markets spurring investor confidence.

Volkswagen gained DM8.0 in Motors, while Engineerings advanced up to DM5.5 and Constructions rose as much as DM6.0. Commerzbank led Banks forward with an improvement of DM4.0 while, elsewhere, Metallgesellschaft put on DM3.5.

Public Authority Bonds rose up to DM0.15 on average and the Regulating Authorities sold DM36m. nominal of stock, compared with no net intervention the previous day. Foreign Mark Loans were also firmer.

SWITZERLAND — Widespread gains were recorded on the dollar's strong recovery with export-orientated stocks showing large improvements.

Ciba Geigy advanced 85 to Sw.Frs.1,190 and Swissair 17 to Sw.Frs.812, while Oerlikon-Buehrle rebounded 95 to Sw.Frs.2,485. Sandoz were 115 firmer at Sw.Frs. 3,990 on the improved results.

Domestic Bonds moved slightly higher in quiet trading, but Foreign Bonds edged lower.

MILAN—Share prices returned to a downward path in thin trading.

Fiat declined 21 to L1,899, Pirelli Spa 16 to L993, and Olivetti Privileged 12.5 to L868, but Italcementi hardened 30 to L9,750.

SPAIN—Share prices remained easier-inclined, although selling pressure was less pronounced and a few issues rallied a little. Motor Iberica was a notable bright spot, improving 7 points more to 153.

HONG KONG—The market recovered slightly after two days of heavy selling, with Blue Chips leading the improvement. Dealers stated that Overseas selling of shares has abated.

Hutchison Whampoa picked up 15 cents to $HK3.70, Jardine Matheson 20 cents to $HK11.30, Swire Pacific 10 cents to $HK5.15, Hongkong Land 15 cents to $HK6.45, Wheelock 2.5 cents to $HK2.125, and Hongkong Bank 10 cents to $HK16.80.

In firm Utilities, Hong Kong Electric rose 12.5 cents to $HK4.925 and Hong Kong Telephone 20 cents to $HK29.00.

TOKYO — Stocks generally improved throughout the day following the U.S. Treasury statement on defending the dollar. The Nikkei-Dow Jones Average rose 73.27 to 4,941.18, with volume amounting to 370m. shares.

Export-orientated Electricals, Cameras and Motors led the market, with Sony rising Y30 to Y1,750, Matsushita Electric Y13 to Y564, Honda Motor Y18 to Y440, and Canon Y10 to Y400.

Printing and Paper-pulp issues rose in active trading following a statement by Prime Minister Takeo Fukuda that he would like to redenominate the yen after the Japanese economy stabilised.

Against the trend, some Oils and Cements reacted slightly on profit-taking.

AUSTRALIA — Further profit-taking and lack of fresh buying interest left stock prices mainly lower, with sentiment adversely affected by currency and interest rate uncertainties.

BHP shed 4 cents more to $A5.66, as did Hooker to 75 cents, while declines of 6 cents apiece occurred in Myer, $A1.92, and TNT, $A1.01. Banks had BNS Wales 14 cents down at $A5.36.

Among Mining stocks, Hamersley receded another 5 cents to $A2.30 and MIM lost 3 cents to $A1.80. Ampol Petroleum gave up 4 cents to 83 cents in Oils.

JOHANNESBURG—Gold issues, after Wednesday's strong performance, retreated in slack trading on the lower Bullion price. However, most issues ended above the day's lows. Losses ranged to 205 cents among Heavyweights, while lower-priced shares shed 10 to 65 cents.

Financial Minings and other Metals and Minerals were quietly easier. De Beers fell 15 cents to R5.90, but Tin issue Zaiplaats gained 5 cents at R4.35.

$ up sharply

The U.S. dollar rose sharply against major currencies in the foreign exchange market yesterday following the announcement of moves by the U.S. Administration to support the dollar. European central banks probably intervened to help the U.S. unit, but trading was very volatile and the market remains extremely nervous. Sterling opened at $1.8750-1.8850, following the sharp reversal overnight in New York, but improved to a high point of $1.9050-1.9100 in early trading. The pound fell again, to around $1.89 at lunch, and to $1.8750-1.8775 by mid-afternoon. It closed at $1.8870-1.8890, a fall of 7.40 cents on the day.

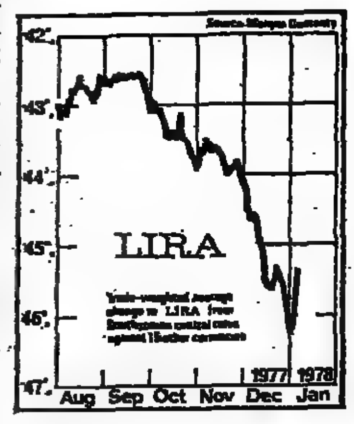
Sterling's trade-weighted index against a basket of currencies, as calculated by the Bank of England, fell to 64.7 from 66.2, after standing at 65 at noon and in early dealings.

Forward sterling was also easier, with the three-month premium against the dollar easing to 0.13 cent. from 0.27 cent.

The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, narrowed sharply to 4.40 per cent. from 6.02 per cent.

The U.S. currency touched a best level of Sw.Frs.2.08 against the Swiss franc, before closing at Sw.Frs.2.04, compared with Sw.Frs.1.9325 previously. The German D-mark also fell sharply against the dollar, to finish at DM2.1560, compared with DM2.0640 on Wednesday. In terms of the dollar, the Dutch guilder fell to Fls.2.3055 from Fls.2.2340, and the Japanese yen to Y241.05 from Y237.70.

Gold also fell sharply following the dollar's recovery. Trading was described as moderate, but the metal lost $5⅝ to close at $165¼-166½.



CURRENCY RATES

	Special Drawing Rights January 5	European Unit of Account January 5
Sterling	0.636954	0.639166
U.S. dollar	1.20639	1.21336
Canadian $	1.32076	1.32413
Austria sch.	18.5115	18.6091
Belgian franc	40.0562	40.2866
Danish krone	7.04833	7.08749
Deutschemark	2.59374	2.59802
Dutch guilder	2.78555	2.79092
French franc	5.71648	5.73948
Italian lira	1056.80	1061.68
Japanese yen	290.257	290.406
Norway krone	6.25393	6.28202
Spain peseta	97.8961	98.0090
Swedish krona	5.68451	5.69825
Swiss franc	2.48516	2.49160

EXCHANGE CROSS-RATES

Jan. 5	Frankfurt	New York	Paris	Brussels	London	Amst'dam	Zurich
Frankfurt	—	2.152-155	45.15-40	6.475-500	4.045-085	[illegible]	[illegible]
New York	46.60-64	—	21.03-07	2.9850-950	1.905-9100	43.30-40	49.1-25
Paris	220.7-1.2	4.7325-7440	—	14.268-302	8.98-9.00	[illegible]	229.78-30.2
Brussels	15.45-51	33.38-53	7.00-03	—	[illegible]	—	16.09-21
London	[illegible]	1.887-889	8.97¾-99¼	55.20-40	—	[illegible]	[illegible]
Amst'dam	107.57-62	2.3077-3105	45.775-825	6.8465-8615	4.374-3785	—	112.895-945
Zurich	94.99-95.47	2.0475-056	43.037-253	6.1156-1453	[illegible]	[illegible]	—

U.S. $ in Toronto U.S.$ = 109.55-58 Canadian cents.
Canadian $ in New York = 91.48-46 cents. U.S. $ in Milan 876.20-70
Sterling in Milan 1660.00-1668.60

EURO-CURRENCY INTEREST RATES*

Jan. 5	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German mark
Short term	7-7¼	6-7	6⅛-6⅝	5¼-5½	[illegible]	3⅛-3¼
7 days notice	7-7¼	6-7	6¾-7	5¼-5½	[illegible]	3-3⅛
Month	[illegible]	6⅛-6⅞	6⅞-7⅛	5¼-5½	[illegible]	[illegible]
Three months	[illegible]	6¾-7⅛	7-7¼	5⅜-5⅝	[illegible]	[illegible]
Six months	[illegible]	[illegible]	7⅜-7⅝	5⅝-5⅞	[illegible]	[illegible]
One year	[illegible]	7¼-7⅝	7½-7¾	6-6¼	[illegible]	[illegible]

Euro-French deposit rates: two-day 9⅛-9⅝ per cent.; seven-day 10⅛-10⅝ per cent.; one-month 11-11½ per cent.; three-month 12⅜-12⅞ per cent.; six-month [illegible] per cent.; one year 13¼-13¾ per cent.

Long-term Eurodollar deposits: two years 7¾-8 per cent.; three years 8-8¼ per cent.; four years [illegible] per cent.; five years 8¼-8½ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 6.85-6.95 per cent.; three-month 6.95-7.05 per cent.; six-month 7.15-7.25 per cent.; one-year 7.40-7.50 per cent.

* Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

	Jan. 5	Jan. 4
Gold Bullion (a fine ounce)		
Close	$165¼-166½	$171½-172
Opening	$165¼-166	$172-172¼
Morning fix'g	$166.30 (£87.434)	$172.60 (£88.838)
Aftern'n fix'g	$165.70 (£88.045)	$171.85 (£87.189)
Gold Coin domestically		
Krugerrand	$170-172 (£90¼-91¼)	$177½-179 (£90½-91½)
New Sov'gns	$50¼-52¼ (£27-28)	$53-55 (£27-28)
Old Sov'gns	$50-52 (£26½-27½)	$52¼-54¼ (£26¼-27¼)
Gold Coin (Internat'lly)		
Krugerrand	$170-172 (£90¼-91¼)	$178-180 (£90¼-91¼)
N'w Sov'gns	$51½-53½ (£27¼-28¼)	$53¼-55¼ (£27¼-28¼)
Old Sov'gns	$50¼-52¼ (£26¾-27¾)	$52¼-54¼ (£26¾-27¾)
$20 Eagles	$246-249	$253¼-255

FOREIGN EXCHANGES

Jan. 5	Bank Rate %	Day's Spread	Close
New York	6	1.8750-1.9100	1.8870-1.8890
Montreal	7½	2.0660-2.0950	2.0855-2.0875
Amsterdam	4½	4.34-4.38	4.34½-4.35½
Brussels	6½	62.45-63.50	63.20-63.30
Copenhagen	8	11.05-11.17	11.08½-11.09½
Frankfurt	3	4.05-4.09	4.05½-4.06½
Lisbon	13	76.25-77.05	76.35-76.75
Madrid	8	152.65-154.60	153.10-153.30
Milan	11½	1,642-1,663	1,652½-1,653½
Oslo	6	9.76-9.88	9.85½-9.86½
Paris	9½	8.85-8.91	8.87½-8.88½
Stockholm	8	8.87-8.97	8.91½-8.92½
Tokyo	4¼	450-465	454-456
Vienna	5½	28.90-29.38	29.15-29.25
Zurich	1½	3.80-3.90	3.84½-3.85½

‡ Rates given are for convertible francs. Financial franc 63.15-63.35.

Six-month forward dollar [illegible] 12-month [illegible]

OTHER MARKETS

			Note Rates
Argentina	1185.12-1185.82	Argentina	[illegible]
Australia	1.6454-1.6556	Austria	[illegible]
Brazil	30.04-30.24	Belgium	[illegible]
Finland	7.58-7.61	Brazil	[illegible]
Greece	68.095-68.745	Canada	[illegible]
Hong Kong	8.835-874	Denmark	[illegible]
Iran	129-135	France	[illegible]
Kuwait	0.523-0.533	Germany	[illegible]
Luxemb'g	63.20-63.40	Greece	[illegible]
Malaysia	4.4535-4.4735	Italy	[illegible]
N. Zealand	1.8858-1.8946	Japan	[illegible]
Saudi Arab.	6.52-6.62	Nether'nds	[illegible]
Singapore	4.4375-4.4475	Norway	[illegible]
S. Africa	1.6215-1.6475	Portugal	[illegible]
U.S.	[illegible]	Spain	[illegible]
Canada	[illegible]	Switzerland	[illegible]
		U.S.	[illegible]
		Yugoslavia	[illegible]

Rate given for Argentina is free rate.

FORWARD RATES

[illegible]

Indices

NEW YORK —DOW JONES

	Jan. 5	Jan. 4	Jan. 3	Dec. 30	Dec. 29	Dec. 28	1977-78 High	1977-78 Low	Since compilation High	Since compilation Low
Industrial	804.92	813.58	817.74	831.17	830.58	829.70	999.75 (3/1/77)	800.85 (2/11)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	90.78	90.85	90.78	90.95	90.94	90.98	96.87 (7/6)	90.65 (7/3)	—	—
Transport	215.97	216.45	215.77	217.18	217.81	216.74	246.64 (18/5)	199.60 (25/10)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	110.52	110.75	110.99	111.28	111.28	110.95	118.67 (22/2)	104.97 (25/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's †	23,570	24,090	17,720	23,560	25,810	19,850	—	—	—	—

* Basis of index changed from August 24.

Ind. div. yield %	Dec. 30	Dec. 23	Dec. 16	Year ago (approx.)
	5.55	5.54	5.64	4.08

STANDARD AND POORS

	Jan. 5	Jan. 4	Jan. 3	Dec. 30	Dec. 29	Dec. 28	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	[illegible]	102.91	105.22	104.71	104.56	104.61	118.92 (3/1/77)	[illegible] (2/11)	134.54 (11/1/73)	3.52 (30/6/32)
‡Composite	92.74	93.52	93.82	95.10	94.94	94.75	107.00 (3/1/77)	[illegible] (2/11)	125.85 (11/1/73)	4.40 (1/6/32)

	Jan. 4	Dec. 28	Dec. 21	Year ago (approx.)
Ind. div. yield %	4.96	4.90	4.99	3.71
Ind. P/E Ratio	9.01	9.13	8.97	11.36
Long Gov't. Bond yield	8.04	8.02	7.96	5.57

N.Y.S.E. ALL COMMON

Jan. 5	Jan. 4	Jan. 3	Dec. 30	1977-78 High	1977-78 Low
51.25	51.63	[illegible]	52.50	57.07 (4/1/77)	48.78 (2/11)

Rises and Falls

	Jan. 5	Jan. 4	Jan. 3
Issues traded	1,884	1,866	1,868
Rises	547	487	410
Falls	834	936	1,061
Unchanged	503	443	397
New Highs	13	9	19
New Lows	15	59	18

MONTREAL	Jan. 5	Jan. 4	Jan. 3	Dec. 30	1977-78 High	1977-78 Low
Industrial	171.69	175.12	174.89	175.65	186.47 (17/5)	158.62 (26/10)
Combined	17[illegible].31	179.27	180.64	182.48	187.95 (19/1/77)	165.60 (25/10)
TORONTO Composite	1038.4	1043.7	1047.8	1059.59	1067.4 (19/7)	961.9 (26/10)
JOHANNESBURG Gold	204.1	214.2	204.7	(c)	214.7 (17/10)	133.4 (24/6)
JOHANNESBURG Industrials	213.8	214.4	212.8	(c)	214.4 (4/1/78)	169.1 (22/6)

	Jan. 5	Pre-vious	1977-78 High	1977-78 Low
Australia (§)	470.23	478.79	478.43 (3/1/78)	418.55 (16/2)
Belgium (‡)	92.35	91.38	99.12 (10/1)	90.71 (30/12)
Denmark (**)	97.14	96.65	107.92 (9/6)	96.64 (28/11)
France (††)	52.0	51.2	58.4 (7/1)	43.5 (10/6)
Germany (‡‡)	796.0	786.2	813.3 (17/11)	712.5 (10/3)
Holland (§§)	80.7	80.4	95.2 (4/6)	76.6 (29/9)
Hong Kong (¶¶)	382.59	388.29	425.17 (11/6)	383.29 (4/1/78)
Italy (‖)	56.92	56.35	73.71 (5/1)	54.90 (22/12)
Japan (a)	368.01	384.04	390.93 (29/9)	350.49 (24/11)
Singapore (b)	252.79	252.75	262.02 (29/3)	242.3 (5/6)
Spain (d)	97.58	98.15	100.00 (31/12)	97.58 (5/1/78)
Sweden (e)	331.85	339.64	416.68 (22/5)	328.61 (11/7)
Switzerl'd (f)	289.0	291.0	312.6 (14/10)	280.2 (3/3)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. 31/12/58. (u) Unavailable.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—70½% (68½%).

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated. ♥ Ptas 500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. ⊕ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Jan. 5	Jan. 4
[illegible]	[illegible]	[illegible]

CANADA

Stock	Jan. 5	Jan. 4
[illegible]	[illegible]	[illegible]

† Bid. ‡ Asked. § Traded. ¶ New stock.

GERMANY ◆

Jan. 5	Price DM	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMSTERDAM

Jan. 5	Price Fls.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPENHAGEN ♣

Jan. 5	Price Kroner	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

VIENNA

Jan. 5	Price %	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO ¶

Jan. 6	*Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	320		14	2.2
Canon	400	+10	12	1.5
Casio	526	+14	25	2.4
Chinon	340		20	2.9
Dai Nippon Print	555	+40	18	1.6
Fuji Photo	455	+7	15	1.7
Hitachi	185	+7	12	3.2
Honda Motors	440	+18	18	2.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

Jan. 5	Price Frs.	+ or −	Div. Net	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWITZERLAND ⊕

Jan. 5	Price Frs.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MILAN

Jan. 5	Price Lire	+ or −	Div. Lire	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AUSTRALIA

Jan. 5	Aust. $	+ or −
ACMIL (25 cents)	†0.79	−0.01
Acrow Australia	†0.86	+0.01
Allied Mnig-Tntg. Indus $1	†2.30	
Ampol Exploration	†1.80	
Ampol Petroleum	†0.85	−0.04
Assoc. Minerals	†0.80	−0.08
Assoc. Pulp Paper $1	†1.01	
[illegible]	[illegible]	[illegible]

PARIS

Jan. 5	Price Frs.	+ or −	Div. Frs.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STOCKHOLM

Jan. 5	Price Kronor	+ or −	Div. Kr.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRAZIL

Jan. 4	Price Cruz	+ or −	Div. Cru.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Rio de Janeiro SE.

OSLO

Jan. 5	Price Kroner	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JOHANNESBURG

MINES

Jan. 5	Rand	+ or −
[illegible]	[illegible]	[illegible]

INDUSTRIALS

	Rand	+ or −
[illegible]	[illegible]	[illegible]

Securities Rand Discount 36%

SPAIN ♥

January 5	Per cent.	+ or −
[illegible]	[illegible]	[illegible]

FARMING AND RAW MATERIALS

Indian tea crop hits new record

By K. K. Sharma

NEW DELHI, Jan. 5.

TEA PRODUCTION in India in 1977 is now estimated at 590m. kilos, the highest ever, and 78m. kilos more than in 1976. Since record production is expected in Sri Lanka and East Africa also, official estimates are that the world crop in 1977 will be at least 120m. kilos more than in the previous year.

Production in India has been helped by suitable weather as well as extensive replanting of old and uneconomic areas combined with increased use of fertilisers.

However, the price boom has tapered off since last July because of the heavier supplies.

India's domestic consumption of tea in 1977 is estimated at 300m. kilos. Since the Government has placed a limit on exports of 225m. kilos, there will be a surplus of about 65m. kilos, which is likely to be kept as a buffer stock to enable the Government to check prices.

Soya group not seeking palm oil curb

KUALA LUMPUR, Jan. 5.

THE AMERICAN Soyabean Association (ASA) is not in favour of protectionist curbs on palm oil imports into the U.S., Mr. Lloyd M. Reid, the Association's Far East director, said here, reports AP-Dow Jones.

Mr. Reid is here to publicise the International Soya Protein Food Conference to be held in Singapore from January 25 to 27.

Some soyabean growers in the U.S. had protested last year that increased palm oil imports were leading to stiff competition and a poorer market for their crop.

Mr. Reid said U.S. bean production for 1977 was estimated at 45m. tons, of which 20m. will be absorbed at home and the rest exported.

Mexico expects sugar increase

MEXICO CITY, Jan. 5.

THE NATIONAL Sugar Industry Commission said Mexico's 1977-78 sugar harvest was expected to total about 2.75m. tonnes compared with about 2.58m. tonnes last year.

This would be enough to cover internal demand of between 2.6m. and 2.65m. tonnes and export the country's full 75,000 tonne quota under the International Sugar Agreement (ISA).

Ireland urges green £ change for Ulster

BY GILES MERRITT

DUBLIN, Jan. 5.

THE IRISH GOVERNMENT has come under strong pressure to renew its demands for a common all-Ireland green pound. The question of harmonising Ulster's EEC agricultural currency with that of the Irish Republic was last raised when Mr. Jack Lynch, the Irish Prime Minister, met Mr. Callaghan at Downing Street in late September.

Anomalies arising from successive Irish devaluations of its own green pound have led to mounting demand for harmonisation on both sides of the border. The Ulster Farmers' Union has repeatedly advocated the move.

Mr. James Gibbons, Ireland's Agriculture Minister, has reportedly agreed to try to place a proposal for a 32-county all-Ireland green pound on the agenda for this month's talks on EEC farm prices in Brussels.

The gap between agricultural prices in Ulster and Ireland is 27.5 per cent., and Irish farmers are determined to equalise the two green pounds to block the smuggling of cheaper Ulster produce southwards.

Mr. Paddy Lane, President of the Irish Farmers' Association, said such an arrangement between the British and Irish Governments, with the consent of the EEC Commission, would be to the benefit of farmers north and south of the border. But he acknowledged that the move would almost certainly be firmly opposed by Britain.

While some British objections to an all-Ireland green pound are based on the cost of raising Ulster's agricultural prices to Irish levels, it has been pointed out in Dublin that there would also be compensations.

For example, the British Government would no longer need to pay the subsidy of about £1m. a month to Ulster's meat industry. This was introduced after the last Irish green pound devaluation, which attracted Northern Ireland meat to slaughterhouses in the south.

Our Commodities staff writes: illegal movement of livestock and foodstuffs back and forth across the border is an old problem which worsened sharply last year when the Irish green pound was devalued almost down to parity with the pound proper.

The most popular means of extracting large payments from the EEC farm fund is for farmers to walk cattle or pigs over the border at night to avoid paying the MCA export tax. These animals are then sold at the higher prices prevailing in the South, slaughtered and their meat transported via normal legal channels back into Ulster, collecting on the way a substantial MCA export subsidy.

While the proposed devaluation might be a great help to Ireland, it would increase Britain's difficulties. Apart from the apparently insuperable political obstacles, the change would mean the introduction of MCAs in the U.K. in trade between Northern Ireland and the British mainland. It would also bring hefty increases in food prices in Ulster.

Danes increase price of bacon

BY RICHARD MOONEY

SANITY RETURNED to the British bacon market yesterday when Danish importers announced that they were raising their first hand price to £1,030 a tonne, thus eliminating the £20 premium which had been quoted for British bacon for two weeks.

Just before Christmas FMC, Britain's biggest curer, announced that it had raised its price to £1,030 a tonne, establishing a premium of £20 over an unchanged Danish price. This was the first time British bacon had been quoted at a higher price than Danish.

One merchant said at the time that the British were "crazy" to seek a higher price than the Danes. He said there was no way such a premium could be maintained in view of the dominant position the Danes had built up over the years.

The premium was largely illusory. British bacon had generally been offered with discounts of £20 or more while Danish bacon was fetching its quoted price. The latest Danish rise is thus likely to restore the normal situation with Danish bacon commanding a premium of about £20 over British.

A representative of Danish Agricultural Producers, the London-based agency for Danish bacon exports, said the FMC price rise had stimulated demand for Danish bacon to the point where adequate supplies could not be guaranteed.

Irish and Ulster bacon prices are also being raised, the former by £20 a tonne to £1,020 and the latter by £30 a tonne to £1,030. Bacon trade sources said the rises were unlikely to make bacon significantly dearer at retail level. Rashers prices may go up slightly, they said, but other cuts would probably be cheaper.

How farmers tackle the cost squeeze

BY JOHN CHERRINGTON

FARMERS CAN survive the cost-price squeeze they are being subjected to, but there is no single, certain formula for success. Individual solutions depend almost entirely on the farmers' circumstances and temperament, according to papers presented by practising farmers at the Oxford Farming Conference yesterday.

Mr. Brian Carr from Lancashire, with 170 acres and 90 cows, firmly believed that when direct costs could not be reduced the alternative was to increase productivity. In his own case his fixed costs per gallon of milk produced had dropped from 50 per cent. of cash returns in 1971 to 25 per cent. in 1976. He managed this by increasing each cow's average yield from 1,000 to 1,300 gallons.

Such production entails heavy feeding of expensive concentrated rations, close attention to individual rationing, and, of course, breeding good cows.

Mr. Richard Newcombe, from Hereford, took a diametrically different approach. He has a simple low-cost system based on grass, silage and cereals for feed. He undertakes no individual rationing and is satisfied with generally lower yields from his cows. He had tried feeding more heavily, he said, but did not think the extra milk produced justified spending on extra feed.

This is an old argument, but it seems that if EEC milk prices are to be restricted and feed costs rise there is no doubt that the farmers with the larger acreages like Mr. Newcombe might be best suited to such circumstances.

Currency changes lift copper

By John Edwards, Commodities Editor

THE SUDDEN change in the currency markets, following U.S. moves to defend the dollar, brought chaotic conditions on the London Metal Exchange yesterday.

In active trading copper prices started the day well up on Wednesday's closing levels, but fell on profit-taking before rallying again in later trading. Cash wirebars closed £13 up at £677 a tonne.

Currency considerations were the dominating influence, with physical traders reluctant to do business in view of the unsettled conditions.

Lead and zinc prices also moved up, reflecting the decline in the value of sterling, but traders described the increases as "disappointing."

Silver values rose too, but were held back by the fall in gold. The bullion market spot quotation was raised 2.55p to 254p an ounce at the morning fixing, and in later trading rose to 257p-258p by the close.

Tin moved against the trend. Discouraged by a fall in the Penang market overnight.

Standard grade cash tin closed £22.5 down at £6,422.5 a tonne, but retained its new-found premium over the three months quotation.

Fall predicted in U.S. rubber demand

AKRON, (Ohio), Jan. 5.

U.S. demand for rubber will fall 1 per cent. this year according to Mr. John H. Gerstenmaier, president of Goodyear Tire and Rubber, reports AP-Dow Jones.

He forecast a drop in U.S. demand for synthetic rubber to 2,490,000 tonnes from 2,500,000 in 1977. He estimated that demand for natural rubber would decline to 335,000 tonnes from 345,000.

In 1977, U.S. consumption of rubber rose 15 per cent. reflecting low tyre production in 1976, when many rubber industry plants were hit by strike, and the rebuilding of depleted stocks following the strike.

World-wide rubber requirements will rise about 3 per cent. in 1978, with demand for synthetic rising to 8.8m. tonnes from 8.4m. tonnes and demand for natural rising to 3.9m. tonnes from 3.8m. tonnes, Mr. Gerstenmaier added. In 1977, world rubber consumption rose 7 per cent.

U.K. FARMING

Where have all the young men gone?

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE COMMITTEE of the Oxford Farming Conference which was held this week has been bemoaning the fact that it is having the greatest difficulty in persuading young farmers to attend. It fears the conference is becoming a debating society for the ageing and established, that the pioneering and expansionist farmers of the 1930s and 1940s are not being reproduced in the swinging '70s.

There is also a concentrated grumble from the hordes of young men trying to get into farming after being expensively educated towards that end, and now finding no farms to go to.

It is hard to see what can be done about this, or even if doing anything about it is necessarily desirable. After all, there is no law to say that if a young man likes to study agriculture and fit himself for farming, he will be guaranteed a farm once qualified, or even a career in farming.

That so many try is an indication of the irresponsibility of those in charge of these seats of learning in accepting too many candidates for whom there can be no possible future in the industry.

The main reason for the lack of opportunities in farming is simply that farming is prosperous. There is tremendous competition for farms. Therefore land prices and rents are high for the very sparse selection of holdings on the market.

Those who started the Oxford Conference in the late 1930s were to a large extent newcomers to the industry who took a chance during the interwar depression. They gambled, particularly in the light-land arable areas, when no one else wanted to farm.

These people were lucky. Returns reached their nadir about 1934, since when they have been climbing, and with low historic costs and rising returns it is easy to be dynamic and expansive. Many of them have continued being so until to-day and, although in their mid-60s and over, still enjoy it.

An indication of the tenacity of farmers can be gained from the composition of one farmers' club in the Southern Counties. Of the 39 members — mainly large-scale operators — 20 are over 60 and ten of these are over 70.

Although some may have relinquished a degree of financial control to their families for taxation reasons, they are still the major force in overall management strategy. Unlike the managers and directors in industry they see no reason for retirement at almost any age until death.

Barren

The refusal of farmers to retire is another peculiarly British characteristic and stems from the fact that farms are large enough and prosperous enough to employ labour. This means that farmers have seldom been tied to the milking machine or the tractor as have their contemporaries in North America and Australasia. In these countries, where farm incomes are on the British scale, the operators look forward to retirement to the beach or the nearest town at the earliest opportunity—a prospect that fills most of my contemporaries with horror.

Surely, and I must here declare my own interest, life would be barren indeed if I could not potter out each morning and discuss and monitor the progress of my pigs, my sheep, and my arable crops.

It is far from being simply a matter of discussion. If a farmer has been active as an innovator all his life, he is unlikely to stop at a set age. I heard of an octogenarian some time ago who was involved in setting up a new cowshed with all the trimmings, at a cost of nearly £100,000. His critics, which included nephews and nieces hungry for land and money, thought such behaviour by a bachelor inexcusable.

In another case in which I was involved the farmer took a notion to transform the whole of his farm from grass to orchard, and his deathbed was littered with plans of cold stores and catalogues of fruit trees. At the time of his death he was committed to buying the trees for 300 acres, and it was a devil of a job to cancel the orders.

A frequent cause of tragedy is the farmer who keeps a son at home, refusing to hand over the responsibility to him even in advanced middle age. The frustrations of this relationship are common, of course, to any business where the father has succeeded and indeed where he has not.

But I still don't think the father necessarily to be always to blame. If the son had sufficient character he would never have stayed at home in the first place.

But it is interesting to note just how many of those who established their farming empires out of the last depression are trying to ensure their continuity after they have passed on. They must realise that the more successful they and their accountants and other advisers are in preventing the exactions of capital taxation, the harder it will be for another generation of new blood to come into farming.

The irony of the situation is that had it not been for death duties and depression, the older landowning and farming families would not have been forced out during the interwar years. That gave the present generation of farming's tycoons the chances they took. It is probable that only a repetition of such circumstances will give the young men their opportunity.

Italian farm area still declining

ROME, Jan. 5.

THE AMOUNT of land devoted to agriculture in Italy continues to decline, according to figures released by the Government statistics office.

A Farm Ministry survey, carried out in compliance with a directive from the European Community, shows that the area available for farming in Italy in October 1975 was 22.4m. hectares, down 5.3 per cent. from the previous survey in 1970.

Of this total 16.48m. hectares were in use in 1975, a decline of 4.1 per cent.

The study of animal breeding in the survey was limited to cattle, although there are other figures from the Government indicating that production of pork, for example, has increased.

It seems clear, however, that Italy is not feeding itself, and is falling behind in the effort.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Moved ahead strongly in hectic trading on the London Metal Exchange following the moves by the U.S. Treasury to check the recent decline in the dollar. Currency considerations caused forward metal to open at [illegible] on the pre-market but heavy profit-taking then took the price down to [illegible] before [illegible] ... higher-than-expected opening on Comex enabled the price here to harden further leaving it at [illegible] on the late kerb. Turnover: 19,175 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at [illegible], three months [illegible]. Cathodes, three months [illegible]. Kerb: Wirebars, three months [illegible]. Cathodes [illegible]

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars	£	£	£	£
Cash	669-.5	+2	677-8	+15
3 months	683.5-4	+2.5	691.5-2	+15.2
Settl'm'nt	669.5	+2	—	......
Cathodes				
Cash	658-.5	+3	665.5-6.5	+15.2
3 months	672.5-3	+2.25	680-1	+15
Settl'm'nt	658.5	+3	—	......
U.S. Smt.	—	......	60-62.5	......

TIN—[illegible] ... further downturn in the Penang market which closed before the U.S. Treasury moves. Forward standard metal opened at the day's highest level of £6,430, but then slipped to £6,370 as U.S. interest was not sufficient to meet hedge selling. In the afternoon the price hovered between £6,365 and £6,405 before coming off to close at £6,390 on the late kerb. Turnover: 1,095 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6410-5	+17.5	6420-5	—22.5
3 months	6380-5	—32.5	6400-20	—7.5
Settlem't	6415	+15	—	......
Standard				
Cash	6410-5	+17.5	6420-5	—22.5
3 months	6365-70	—15	6390-5	—25
Settlem't	6415	+15	—	......
Straits E.	[illegible]			
New York	[illegible]			

LEAD—[illegible]

ZINC—[illegible]

I.G. Index Limited 01-351 3466. Three month Gold 168.5-170.5
29 Lamont Road, London SW10 0HS.

SILVER

[illegible]

COCOA

The uncertainty of the foreign exchange market dampened activity in cocoa. [illegible]

COFFEE

[illegible]

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

The sharp recovery of the dollar against sterling and other European currencies helped values to gain £1.70 on Wednesday's close, reports SNW Commodities. Throughout the day prices remained in a 30p trading range in thin volume. [illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

January 5. GB—Cattle 59.45p a kg.l.w. (+0.22). U.K.—Sheep 129.9p a kg.est. d.c.w. (—2.3). GB—Pigs 57.6p a kg.l.w. (—3.2). England and Wales—Cattle up 29.0 per cent., average price 60.00p (+0.86). Sheep up 32.7 per cent., average price 129.3p (—2.8). Pigs up 43.4 per cent., average price 57.9p (—3.2). Scotland—Cattle average price 57.7p [illegible]

[illegible] ... £5.50-£6.00; large haddock £7.00, medium haddock £5.60-£6.40, small haddock £3.00-£4.00; skinned dogfish (medium) £8.00; reds £2.60-£3.20, saithe £2.20-£2.70.

THAI TIN OUTPUT

BANGKOK, Jan. 5.

THAILAND'S tin concentrate production September decreased to 1,714 tonnes from 1,725.5 tonnes the previous month and compared with 1,938.6 tonnes in July, Mineral Resources Department statistics show.

Reuter

PRICE CHANGES

Prices per tonne unless otherwise stated.

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

COTTON, Liverpool—[illegible]

U.S. Markets

Precious metals stronger

NEW YORK, Jan. 5.

[illegible]

PUBLIC NOTICES

PLYMOUTH CITY COUNCIL £0.5m. Bills issued 4th January, 1978, due 5th April, 1978, at 5⅛%. Total applications £5m. Total Bills outstanding £0.5m.

ROCHDALE METROPOLITAN BOROUGH COUNCIL BILLS £2,400,000 Bills issued 5.1.78, maturing [illegible]. Applications totalled £17,800,000 and there are £2,400,000 Bills outstanding.

STOCK EXCHANGE REPORT

Leading equities improve but gilts ease on dollar

Index up 6.7 for ten-day rise of 24.7 at 494.5—Golds weak

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 12	Dec. 29	Dec. 30	Jan. 11
Jan. 3	Jan. 12	Jan. 13	Jan. 24
Jan. 16	Jan. 26	Jan. 27	Feb. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The overnight announcement of the decision by the U.S. authorities to support the dollar on foreign exchanges led to a turn for the better in leading equities yesterday on the implied benefits for the overseas earnings of our larger exporters. Demand was small but the sensitive state of the market caused price rises out of proportion to actual buying.

The FT 30-share index closed at the day's best with a rise of 6.7 to 494.5 which takes the gain over the last ten trading days to 24.7 points, or 5½ per cent. The FT-Actuaries three main indices all gained about one percentage point with several of the financial sub-sections bettering the average along with the Mechanical Engineering sector which is heavily dependent on overseas earnings.

British Funds, on the other hand, turned distinctly easier and showed early losses to ¾ on uncertainty about the need for lower interest rates now that the upward pressure on sterling has been lessened. The tone improved in the afternoon, the further signal from the Bank of England to the money markets for moderation being interpretated as indicating the authorities' willingness to allow a reduction of ½ to 6½ per cent. in Minimum Lending Rate to-day.

The Government Securities index gave up 0.27 for a two-day loss of 0.49 at 78.09, but quotations were tending to fall away in the inter-office trade as reports came in of the threat to the Government's pay guidelines by the power workers.

Golds also reacted poorly to the dollar's improvement, the Gold Mines index yesterday falling 8 points to 130.3 following the drop of 5¾ to $166⅛ an ounce in the bullion price.

Official markings improved to 6,231, the highest since November 2 (6,752) and the overall firm tone was seen in the 5-to-2 ratio of rises to falls in FT-quoted equities of which selected second-line issues were again attracting most support.

Gilts uncertain

The dramatic about-turn in sterling, doubts over a reduction to-day in Minimum Lending Rate and apprehensions regarding replacement tap issues all contributed to uncertainty in British Funds. Stocks soon came on offer, an event which extended initial loses of ⅛ to ⅝ in the longer maturities, but buyers subsequently became more interested and a recovery movement was looking soundly based until news after-hours of the power workers massive wage claim. Falls of ⅜ at the official close were later extended to ⅝ at the longer end and the shorts, which had passed a relatively quiet session, also drifted lower. The £320m. call next Monday on holders of the partly-paid Treasury 10½ per cent. 1999 shook out loose stock and the price fell to 15½, in £15-paid form, before rallying to 15⅝, down ¼ on the day.

Sterling's sharp overnight reaction caused a marked change of direction in rates for investment currency with dealers quoting initially a level of between 73 and 73½ per cent. Ensuing trade was again heavy but the overall weight of selling was too much for the market and the final premium was 70½ per cent., a recovery of 2½ points on the day. Yesterday's SE conversion factor was 0.8057 (0.7902).

Insurances good

More interest was shown in Insurances which closed firmer throughout. Still responding to a Press prediction that the sector is equipping itself for an outstanding year for new business in 1978, Life issues continued higher with Hambro Life notable for a fresh rise of 8 at 295p. Pearl added 6 to 252p and Legal and General were 3 to the good at 177p. Composites also made good progress. Commercial Union put on 5 to 155p and General Accident 6 to 250p, while Sun Alliance ended 8 dearer at 604p. A halt in sterling's recent climb heartened Brokers which had run back sharply the previous day on concern about the effects a rising pound will have on overseas earnings. Matthews Wrightson rebounded 17 to 210p and Willis Faber picked up 7 to 282p, while Alexander Howden improved 5 to 167p.

The major clearing banks closed with gains of 10 following a moderate business. Lloyds and NatWest were both that much better at the common level of 297p. Elsewhere, Algemene gave up 2½ more points to £93½ among overseas issues, but demand in a thin market left Schroders 15 up at 420p in Merchant banks.

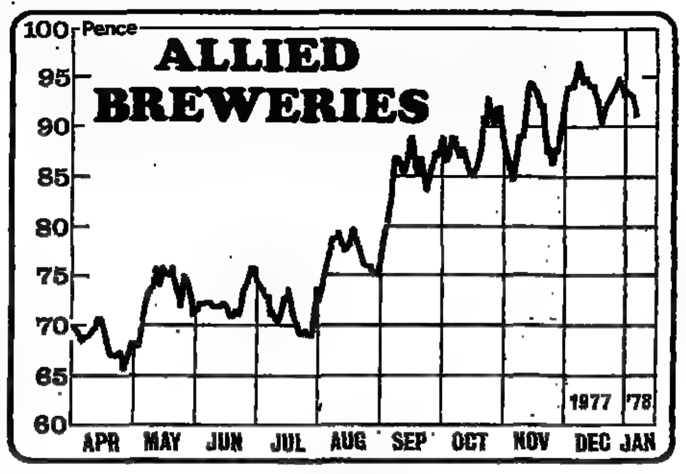
Allied Breweries at 91p, down 2, reflected disappointment with the results. Other leading Breweries were rarely altered, but secondary issues again encountered selective support. Vaux rose 12 more to 409p and Morland firmed 10 to 370p, while Boddingtons were a few pence dearer at 140p.

Buildings continued firm on selective buying. Burt Boulton rose 10 to 185p in a thin market, while speculative support lifted Norwest Holst 5 to 85p. Newarthill added 7 at 180p, Derek Crouch 5 to 95p, while Hoveringham R/V at 61p, recorded a Press-inspired gain of 2. UBM put on 3 to 74½p as did William Leech to 83p.

A friendless market of late following the Board's gloomy remarks about fourth-quarter prospects and the adverse effects a rising pound is having on overseas earnings, ICI picked up 4 to 353p, after 354p, yesterday. Elsewhere in Chemicals, Fisons hardened 3 to 383p.

Ratners disappoint

Secondary issues again claimed most of the attention yesterday in Stores and closed firmer for choice, with the exception of Ratners (Jewellers) which shed 3 to 90p in reply to the disappointing first-half profits. Vantona rose 6 to 119p and Forminster added 4 to 130p, while improvements of 3 were recorded in House of Lerose, 66p, Henderson Kenton, 85p and Currys, 217p.



Electricals traded quietly. Among the few noteworthy movements, Automated Securities moved up 4 to 47p following Press comment on the acquisition of the security division of Brocks Group. Pye Holdings improved 3 to 110p and Dale Electronic continued firmly at 152p, up 2. Leaders to harden a few pence included EMI, 3 better at 188p, and GEC, 2 dearer at 278p.

Engineering majors were featured by a sharp rise of 19 to 195p in Vickers on speculative demand prompted by persistent talk of imminent news on compensation for nationalisation of their shipbuilding interests; the Finance Director of Vickers stated last night that negotiations about compensation terms had not even started yet. Elsewhere, J. Brown revived at 241p, up 9, while Tubes improved 8 to 394p and GKN were 6 dearer at 274p. Davy International found support and put on 7 to 258p, but Howden Group eased 1½ to 68p following the interim results. Eva Industries were again wanted at 107p, up 6, while Lake and Elliot responded to favourable Press comment with a rise of 5 to 56p. Gains of 4 were established in Adwest, 270p, Young Austen and Young, 63p, and Glynwed, 102p. Press comment on the annual results left Westland up 2 further at 45½p.

Selective buying interest was evident again in Foods. Robertson stood out with a gain of 6 to 145p, J. Lyons improved 4 to 110p and rises of 2 were established by Unigate, 57p, and Tate and Lyle, 214p. On the other hand, J. Stocks, a particularly good market of late, met with profit-taking and reacted 10 to 170p. Tesco were supported in Supermarkets and rose 2 to 47½p. Elsewhere, favourable Press mention left Warner Holidays up 4 more at 28½p, after 30½p.

Glaxo better

The miscellaneous industrial leaders took the previous day's upturn a stage further yesterday. Rank Organisation were good again at 265p, up 10 further on continuing support ahead of the results, due on January 23. Major exporter Glaxo moved forward 12 to 605p in sympathy with the dollar's improvement, while Beecham, after touching 677p, closed 3 up at 673p and Reed International rose 5 more to 135p. Firm features were plentiful among secondary issues. Hopes that there will be a big demand for overseas holidays this year in the wake of sterling's recent performance helped Horizon Midlands add 6 more to 88p and prompted a gain of 7 to 119 in Davies and Newman, the Dan Air aircraft concern. An investment recommendation drew buyers' attention to J. H. Fenner which gained 9 to 138p and Morgan Crucible advanced 6 to 123p in response to the sharply higher third-quarter profits. Hollis Bros. and E.S.A. improved 4 to 71p following the interim figures, while similar gains were recorded in Barr and Wallace Arnold Trust A, 67p, Beatson Clark, 170p, Harris Lebus, 56p and Pentos, 80p. Still reflecting favourable mention, R. H. Cole rose 5 more to 129p. Coral Leisure, 9 easier at 134p, became unsettled by an assumption that the company is to bid for Pontin's; the latter is due to announce its interim statement to-day.

Buyers continued to show interest in Motor and kindred issues. Plaxtons moved up 4 more to 126p and ERF firmed 3 to 129p, while Fodens responded to the good results with a rise of 2 to 60p. Among Components, Lucas traded firmly at 280p, up 5. Manchester were again noteworthy in Garages with a fresh rise of 4½ to 36p on renewed speculative demand. Lyon and Lyon, 87p, and Hartwells, 85p, rose 4 and 2 respectively.

Buyers continued to show an interest in Mills and Allen International which improved steadily in active trading to finish 7 up at 122p. Elsewhere, Saatchi were favoured at 96p, up 5, and Sir Joseph Causton moved forward 3 to 21p. Similar improvements were seen in Jefferson Smurfit at 205p and Watmoughs at 85p. Among Newspapers, North Sea oil enthusiasm was the reason for fresh improvements of 4 and 5 respectively in Associated, 170p, and Daily Mail A, 343p. The Irish concern Independant, closed 6 higher at 131p.

Oils more eventful

Sterling influences were claimed to be the reason for a much more eventful day in British Petroleum and the Oil market in general. BP rebounded 22 to 864p, the day's best, while Shell recovered 6 to 528p and Royal Dutch ½ to £37, the last-named in recognition of the steadier currency premium. Investment recommendations inspired support of Ultramar, 8 higher at 232p, after 236p, and Premier Consolidated, 2½ better at 19p, while revived speculative interest took Siebens (U.K.) up 18 to 278p and Oil Exploration 10 higher to 306p. Other North Sea stocks attracting enthusiasm included Tricentrol, 6 dearer at 178p, Lasmo, 5 firmer at 184p, and Charterhall, which improved 1½ further to 30p.

Secondary Properties came more into their own but the sector's outstanding feature was probably Bernard Sunley which, on persisting bid speculation, jumped 14 to 210p. Percy Bilton, too, were in demand and rose 6 to 184p, while Centrovincial Estates Capital, 81p, and City Offices, 63p, gained 4 apiece. Rush and Tompkins revived at 109p, up 4. Lynton Holdings advanced 6 to 136p and among smaller-priced issues, Carding put on 2½ more to 16½p. R. Green added 2½ at 34½p. A mid-week investment recommendation lent support to both Land Securities and British Land, both a shade harder at 224p and 38p respectively. MEPC improved 2 to 130p.

Among Overseas Traders, S. and W. Berisford moved up 5 to 232p on the good annual results and proposed one-for-one scrip issue. Having attracted renewed speculative support on bid hopes late the previous evening, Furness Withy opened 17 higher at 345p yesterday and remained at that level virtually all day. Fashion and General Investments put on 13 to 175p in sympathy.

Further useful gains were established in the Textile sector where J. Haggas featured at 96p, up 8. A. Martin put on 4 to 85p and RKT were similarly better at 62p, while improvements of 3 were made by H. Ingram, 35p, and Tricoville, 53p.

Heavy falls in Golds

The moves by the U.S. Treasury to check the recent sharp decline in the dollar caused the bullion price to give up nearly all of its gains of the two previous days as it dropped $3.75 to $166.125 per ounce. The successful outcome to Wednesday's International Monetary Fund gold auction—525,000 ounces were sold at the common price of $171.26—was announced prior to the U.S. Treasury moves.

South African Golds were marked down sharply at the outset of business and gave further ground throughout the day as selling, although never heavy, from most quarters followed the decline in the metal price. The Gold Mines index fell 8.0 to 130.3.

Losses in the heavyweights ranged to over a point with Randfontein £1¼ lower at £29¼, Western Holdings a point off at £13⅝ and West Driefontein a similar amount cheaper at £16¾.

The heavy falls in Golds produced similar movements in South African Financials. General Mining lost £1 at £14 and "Amgold" ¾ at £14¼. De Beers fell 9 to 289p.

Worst affected in a generally weak London-Based Financials section were Gold Fields, which closed 6 down at 175p. Rio Tinto-Zinc lost 4 to 185p and Charter 2 to 128p.

Business in Australians remained at a low level with prices marginally firmer on balance following the modest recovery in the investment currency premium. EZ Industries and Hamersley were both 5 harder at 165p and 180p respectively.

Elsewhere, Musto Exploration slipped 5 to 85p after Wednesday's 22 jump which followed news of the U.S. oil and gas find.

FINANCIAL TIMES STOCK INDICES

	Jan. 5	Jan. 4	Jan. 3	Dec. 30	Dec. 29	Dec. 28	A year ago
Government Secs.	78.09	78.36	78.58	78.09	77.93	77.86	60.98
Fixed Interest	81.19	81.17	81.03	80.72	80.60	†80.54	61.35
Industrial Ordinary	494.5	487.8	485.6	485.4	490.6	490.4	367.8
Gold Mines	130.3	138.3	132.7	135.2	139.6	136.7	116.8
Ord. Div. Yield	5.42	5.50	5.52	5.51	5.46	5.45	6.06
Earnings Y'ld%(full)(*)	16.47	16.73	16.76	16.74	16.57	16.55	18.98
P/E Ratio (net) (*†)	8.61	8.48	8.45	8.47	8.56	8.56	7.72
Dealings marked	6,231	4,747	4,178	4,818	3,563	2,489	5,651
Equity turnover £m.	—	69.34	49.10	52.58	65.98	46.51	85.57
Equity bargains total	—	14,715	12,097	11,949	12,148	7,446	17,215

10 a.m. 490.6. 11 a.m. 490.1. Noon 490.1. 1 p.m. 491.3. 2 p.m. 493.8. 3 p.m. 493.2.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=8.53.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942. ‡ Corrected.

HIGHS AND LOWS

	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.19 (5/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (13/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (15/10)	95.1 (1/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 5	Jan. 4
—Daily		
Gilt-Edged	225.5	179.8
Industries	209.8	149.5
Speculative	45.5	48.1
Totals	141.8	108.0
5-day Av'rage		
Gilt-Edged	164.5	142.1
Industrials	159.3	135.9
Speculative	39.7	36.1
Totals	107.1	90.1

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 22	Dec. 5	Feb. 23	Mar. 7
Dec. 6	Dec. 19	Mar. 9	Mar. 21
Dec. 20	Jan. 10	Mar. 30	Apr. 11

For rate indications see end of Share Information Service

Stocks to attract money for the call included B. Sunley, Town and City, Burmah Oil, Reed International, British Land, Selincourt, Marks and Spencer, Adda International, New Throgmorton Capital, H. Wigfall, Dunlop, Burrell, Capital and Counties Property, Peachey, British Benzol, Britannia Arrow, Thomson Organisation, Madame Tussaud's and Charterhall. Town and City and J. Coral were dealt in for the put, while double options were arranged in Town and City, Cutler Guard Bridge, Charterhall, H. Wigfall, Britannia Arrow, Grand Metropolitan Warrants and Madame Tussaud's.

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977/78.

NEW HIGHS (163)

BANKS (8)
BEERS (6)
BUILDINGS (15)
CHEMICALS (3)
CINEMAS (1)
DRAPERY & STORES (6)
ELECTRICALS (8)
ENGINEERING (13)
FOODS (5)
HOTELS (3)
INDUSTRIALS (33)
MOTORS (6)
NEWSPAPERS (8)
PAPER & PRINTING (5)
PROPERTY (27)
TEXTILES (10)
TRUSTS (6)
[illegible]

NEW LOWS (37)

AMERICANS (16)

Baker Intl. Corp., Manufact. Hanover, City Inv., Morgan (J. P.), Exxon, Norton Simon Inc., Fluor Corp., Owens-Illinois, GATX, Raynord, Hutton (E. F.), Singer, Ingersoll-Rand, Tesoro Petroleum, I.U. Intl., Texaco

CANADIANS (3)

Bk. Nova Scotia, Toronto Dom. Bank, Royal Bank of Canada

BANKS (1)

Cie. Bancaire

CHEMICALS (2)

AKZO, Norsk Hydro, Hoechst

ENGINEERING (1)

Cummins '78 $4

MOTORS (1)

Volvo

TEXTILES (1)

Snia Viscosa

TRUSTS (7)

Robeco (Br.), US Trust Fund, Robeco Sub. Shs., Haw Par, Rolinco NV, Suez Finance, Rolinco Sub. Shs.

OILS (1)

Cie Fr. Petroles B

MINES (4)

Anglo-Vaal, Zambia Copper, Vogels, Messina

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	1	66	[illegible]
Corpns., Dom. and Foreign Bonds	11	5	[illegible]
Industrials	586	185	[illegible]
Financial and Props.	136	139	[illegible]
Oils	17	4	[illegible]
Plantation	4	4	[illegible]
Mines	14	71	[illegible]
Recent Issues	13	6	[illegible]
Totals	[illegible]	[illegible]	[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
BP	£1	11	864	+22	966	776
ICI	£1	10	353	+ 4	446	325
Shell Transport	25p	10	528	+ 6	635	454
Barclays Bank	£1	9	347	+10	347	228
Ultramar	25p	9	232	+ 8	266	116
Beecham	25p	8	673	+ 3	693	372
Lake and Elliot	25p	8	56	+ 5	65	43
Mills & Allen Intl.	50p	8	122	+ 7	122	25
Rank Org.	25p	8	265	+10	276	128
Reed Internationl.	£1	8	135	+ 5	233	118
Barker & Dobson	10p	7	14	− 1	15	3½
Burmah Oil	£1	7	54	+ 3	83	41
European Ferries	25p	7	112½	+ 3½	112½	53½
Furness Withy	£1	7	345	+17	354	204
Town & City Prps.	10p	7	15½	+ ½	15½	5

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Groups & sub-sections	Thurs., Jan. 5, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net.) Corp. Tax 52%	Wed. Jan. 4 Index No.	Tues. Jan. 3 Index No.	Fri. Dec. 30 Index No.	Thurs. Dec. 29 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	212.72	+1.1	16.66	5.49	8.49	210.50	209.52	208.95	210.35	139.64
2	Building Materials (27)	195.39	+0.6	15.77	5.40	9.06	194.17	192.93	191.90	193.10	115.30
3	Contracting, Construction (26)	348.05	+1.1	16.66	3.63	8.73	344.37	342.24	340.29	347.25	181.60
4	Electricals (15)	464.37	+0.6	14.38	3.80	10.02	461.63	458.80	458.21	460.59	282.89
5	Engineering Contractors (13)	304.10	+1.2	19.26	6.15	7.11	300.43	297.57	297.75	300.79	175.26
6	Mechanical Engineering (72)	164.93	+1.7	17.66	6.23	8.10	162.23	161.12	160.92	162.25	128.32
8	Metals and Metal Forming (17)	161.90	+1.2	19.50	8.72	6.79	159.95	160.11	160.70	161.15	117.32
	CONSUMER GOODS										
11	(DURABLE) (53)	195.25	+0.8	17.11	4.73	8.52	193.66	192.54	193.59	194.69	121.81
12	Lt. Electronics, Radio TV (16)	235.12	+1.1	14.99	3.50	9.63	232.51	231.23	232.31	233.63	156.80
13	Household Goods (12)	183.82	—	16.96	6.39	8.06	183.80	182.71	182.64	181.41	128.11
14	Motors and Distributors (26)	117.92	+0.6	20.55	6.30	7.27	117.27	116.54	117.50	118.54	80.15
	CONSUMER GOODS										
21	(NON-DURABLE) (175)	205.66	+0.4	15.01	5.53	9.64	204.74	203.98	203.79	205.97	141.81
22	Breweries (14)	228.02	−0.2	14.06	5.66	10.69	228.54	229.54	230.32	232.12	158.59
23	Wines and Spirit (6)	249.50	+0.4	16.19	5.54	9.36	248.44	249.88	253.18	256.45	162.29
24	Entertainment, Catering (17)	267.80	+0.2	13.45	6.43	11.35	267.13	263.00	261.34	263.99	179.85
25	Food Manufacturing (22)	202.30	+0.9	19.74	5.25	7.29	200.43	200.18	201.00	202.45	155.58
26	Food Retailing (16)	219.57	+1.4	12.34	4.11	11.79	216.52	214.69	215.24	216.49	136.21
32	Newspapers, Publishing (14)	359.06	+0.4	9.25	3.42	16.24	357.63	346.89	346.50	349.94	208.13
33	Packaging and Paper (15)	133.49	+1.2	19.76	8.74	7.29	131.95	129.45	129.97	131.48	94.77
34	Stores (37)	197.04	+0.2	9.79	4.02	14.11	196.60	195.12	193.92	197.07	115.39
35	Textiles (25)	173.25	+0.9	20.06	7.64	6.32	171.69	173.45	171.06	172.87	125.92
36	Tobaccos (3)	224.53	—	21.52	8.02	6.20	224.56	226.56	226.95	228.53	211.74
37	Toys and Games (6)	99.80	−0.6	20.68	5.95	6.46	100.45	100.29	100.79	100.65	77.78
41	OTHER GROUPS (98)	196.24	+1.1	15.88	5.50	8.59	194.19	193.24	193.76	196.07	149.55
42	Chemicals (21)	261.90	+1.0	18.84	6.39	7.49	259.36	260.48	261.77	265.68	210.59
43	Pharmaceutical Products (7)	262.35	+1.0	10.51	3.71	12.20	259.87	259.95	261.77	0.00	0.00
44	Office Equipment (6)	133.13	+3.0	17.10	4.31	7.80	129.20	124.64	123.54	124.61	82.96
45	Shipping (10)	482.80	+1.0	20.39	6.06	5.81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (54)	208.23	+0.8	15.00	5.90	9.46	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (496)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (4)	479.54	+1.9	14.52	4.08	8.37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	233.65	+1.0	15.58	5.25	8.89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (100)	177.85	+2.0	—	4.92	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	204.03	+3.1	24.15	5.06	6.32	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	226.11	−1.0	—	7.30	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	167.65	+0.5	11.11	4.66	11.32	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	148.29	+1.2	—	5.59	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	142.42	+1.9	—	6.90	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	332.36	+2.6	12.77	4.09	11.48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	83.67	+1.1	—	5.60	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	251.34	+0.9	2.74	2.72	68.67	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	118.11	+1.5	21.74	7.37	6.61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	201.13	−0.9	3.09	4.53	32.38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	89.59	−2.2	17.40	6.54	6.66	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	295.67	+1.1	15.85	6.67	8.26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	217.22	+1.0	—	5.21	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Thurs. Jan. 5	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	109.72	−0.07	—	0.00
2	5-15 years	125.35	−0.13	—	0.00
3	Over 15 years	133.92	−0.36	—	0.00
4	Irredeemables	148.16	−0.37	—	0.00
5	All stocks	122.10	−0.24	—	0.00

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

[illegible]

		Thurs., Jan. 5 Index No.	Yield %	Wed. Jan. 4	Tues. Jan. 3	Friday Dec. 30	Thurs. Dec. 29	Wed. Dec. 28	Friday Dec. 23	Thurs. Dec. 22	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	56.56	11.72	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	57.35	12.19	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	77.59	11.67	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. [illegible]

FINANCIAL TIMES

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هكذا من الأصل

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101
Index Guide as at 6th December, 1977 (Base 100 at 14.1.77.)

Clive Fixed Interest Capital	135.19
Clive Fixed Interest Income	128.03

CORAL INDEX: Close 493-498

INSURANCE BASE RATES

† *Property Growth*	8¼%
Cannon Assurance	4¼%

† Address shown under Insurance and Property Bond Table.

BASE LENDING RATES

A.B.N. Bank	7½%	■ Hill Samuel ....§	7 %
Allied Irish Banks Ltd.	7½%	C Hoare & Co. ....†	7 %
American Express Bk.	7 %	Julian S. Hodge	8½%
Amro Bank	7½%	Hongkong & Shanghai	7 %
A P Bank Ltd.	7 %	Industrial Bk. of Scot.	7 %
Henry Ansbacher	7½%	Keyser Ullmann	7 %
Banco de Bilbao	7½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce.	7½%	Lloyds Bank	7 %
Bank of Cyprus	7½%	London & European	8½%
Bank of N.S.W.	7½%	London Mercantile	7 %
Banque Belge Ltd.	7½%	Midland Bank	6¾%
Banque du Rhone	8 %	■ Samuel Montagu	6¾%
Barclays Bank	7½%	■ Morgan Grenfell	7 %
Barnett Christie Ltd.	8½%	National Westminster	7½%
Bremar Holdings Ltd.	8½%	Norwich General Trust	7 %
Brit. Bank of Mid. East	7 %	P. S. Refson & Co.	7 %
■ Brown Shipley	7 %	Rossminster Accept'cs	7½%
Canada Permanent AFI	7½%	Royal Bk. Canada Trust	7½%
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	7½%
Cayzer Ltd.	7½%	E. S. Schwab	9 %
Cedar Holdings	8 %	Security Trust Co. Ltd.	8½%
■ Charterhouse Japhet	7 %	Shenley Trust	9½%
C. E. Coates	8½%	Standard Chartered	7½%
Consolidated Credits	7½%	Trade Dev. Bank	7½%
Co-operative Bank ....*	7 %	Trustee Savings Bank	7 %
Corinthian Securities	7½%	Twentieth Century Bk.	8½%
Credit Lyonnais	7 %	United Bank of Kuwait	7 %
Duncan Lawrie ....§	7½%	Whiteaway Laidlaw	7¾%
Eagil Trust	7½%	Williams & Glyn's	7½%
English Transcont.	8 %	Yorkshire Bank	7½%
First London Secs.	7½%		
First Nat. Fin. Corpn.	9 %		
First Nat. Secs. Ltd.	9 %		
■ Antony Gibbs	7 %		
Goode Durrant Trust	7½%		
Greyhound Guaranty	7½%		
Grindlays Bank ....‡	7½%		
■ Guinness Mahon	7 %		
■ Hambros Bank	7 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 4%, 1-month deposits 4¼%.
† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 4¼% and over £25,000 5%.
‡ Call deposits over £1,000 4%.
§ Demand deposits 4¼%.
¶ Rate also applies to Sterling Ind. Secs.

FOOD PRICE MOVEMENTS

	Jan. 3 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,030	1,010	1,010
British A.1 per ton	1,030	1,030	1,010
Irish Special per ton	1,020	1,000	1,000
Ulster A.1 per ton§	1,030	1,000	1,000
BUTTER			
NZ per 20 lbs	10.94-11.05	—	10.90-11.05
English per cwt†	63.03	—	63.03
Danish salted per cwt†	69.15-71.41	—	69.15-71.43
CHEESE¶			
NZ per tonne	1,161.50	—	1,208.40
English cheddar trad. per tonne	1,219.42	—	1,219.42
EGGS*			
Home-produce:			
Size 4	—	—	4.40- 4.60
Size 2	—	—	5.00- 3.10

	Jan. 5 per pound p p	Week ago per pound p p	Month ago per pound p p
BEEF			
Scottish killed sides (ex-KKCF)	48.0—49.0	46.0—49.0	44.0—48.0
Eire forequarters	33.0—35.0	30.0—33.0	30.0—32.0
LAMB			
English	50.0—54.0	46.0—53.0	44.0—49.0
NZ PLs-PMs	47.0—48.0	47.0—48.0	47.0—47.5
MUTTON			
English ewes	—	—	—
PORK (all weights)	34.0—42.0	33.0—42.0	36.0—43.0
POULTRY			
Broiler chickens	30.0—34.0	30.0—34.5	29.5—34.0

* London Egg Exchange price per 120 eggs. † Delivered.
¶ For delivery January 7-14.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1977-78 High	Low	Stock	£	+ or –	Int.	Yield Red.
101⅞	95⅝	Treasury 8pc 1978‡‡	100½	–1/32	8.96	6.53
104	97	Treasury 10½pc '78‡‡	102¾xd	–1/16	10.22	5.14
102¼	90	Exch. 5pc '76-78‡‡	99⅝	.....	5.03	5.87
107	95	Treasury 11½pc '79‡‡	105	.....	10.95	6.98
97¾	84	Treasury 3pc '79‡‡	96⅛	–⅛	3.12	5.42
98¼	85⅝	Electric 4½pc '74-79	97⅛	–⅛	4.38	6.02
106	92	Treasury 10½pc '79‡‡	104	.....	10.04	7.74
97⅝	84⅞	Electric 3½pc '76-79	96¼	–⅛	3.64	5.65
107	87¾	Treasury 9pc 1980‡‡	103	–	8.73	7.44
105¾	88⅝	Treasury 9½pc '80‡‡	102¾	–⅛	9.25	8.19
96	82⅞	Treasury 3½pc '77-80	95	–⅛	3.68	5.72
98¼	83	Funding 5¼pc '78-80‡‡	96¼	–¼	5.46	6.94
112	96	Exchequer 13pc 1980‡‡	109⅞	–⅛	11.83	9.02
108	92	Treasury 11½pc 1981‡‡	106xd	–⅛	10.85	9.19
94¼	77⅞	Treasury 3½pc 1979-81	91⅛	.....	3.84	6.70
104	86	Treasury 9¾pc 1981‡‡	101	–	9.62	9.26
97	96¾	Exch. 8¼pc 1981	96	–⅛	8.51	9.31
103½	97½	Exch. 9½pc 1981	100xd	–	9.45	9.37
92⅛	87¾	Exch. 3pc 1981	87¾	.....	3.42	6.88
98	96½	Treas. Variable '81§§	96	+	7.06	7.95
113	96¼	Exch. 12¾pc 1981‡‡	110	–	11.52	9.39
100⅝	82⅞	Treas. 8½pc '80-82‡‡	99½xd	–⅛	8.58	8.76
93⅛	71⅝	Treasury 3pc '82‡‡	86¼	–⅛	3.48	6.89
119	101⅝	Treasury 14pc '82‡‡	115	–¼	12.13	9.45
98½	95¾	Treas. Variable '82§§	95¾	.....	7.09	7.95
98⅝	93⅝	Treasury 8¼pc '82	96xd	–	8.59	9.35
102⅞	93⅝	Exch. 9¼pc 1982	100	–	9.25	9.24

Five to Fifteen Years

1977-78 High	Low	Stock	£	+ or –	Int.	Yield Red.
87⅝	81¼	Exch. 3pc '83	84¼	–¼	3.61	6.96
114¼	95½	Treasury 12pc 1983‡‡	114⅛	–⅛	10.86	9.40
101⅞	96½	Treasury 9¼pc '83	99xd	–⅛	9.32	9.43
95½	72⅝	Funding 5½pc '82-84‡‡	89xd	–⅜	6.17	7.80
100¾	77⅞	Treasury 8½pc '84-86‡‡	96¼xd	–⅜	8.82	9.13
87⅞	66¾	Funding 6½pc '85-87‡‡	87	–⅜	7.57	8.76
94	68½	Treasury 7¾pc '85-88‡‡	89xd	–⅜	8.67	9.40
74	49⅞	Transport 3pc '78-88	67⅞xd	–¼	4.42	7.48
76¼	53⅞	Treasury 5pc '86-89	74⅝	–¼	6.80	8.63
121¼	90	Treasury 13pc 1990‡‡	114½xd	–⅜	11.32	10.78
94¾	67⅛	Treasury 8¼pc '87-90‡‡	88¼	–⅜	9.35	9.91
112	98¾	Treasury 11¾pc 1991	105⅝xd	–⅜	11.10	10.99

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

[illegible]

S.E. List Premium 33¼% (based on $US1.8880 per £)

Conversion factor 0.8057 (0.7902)

CANADIANS

[illegible]

S.E. List Premium 33¼% (based on $2.0562 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

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[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

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MOTORS, AIRCRAFT TRADES

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Sri Lanka

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MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
195	70	Falcon Rh.50c	165	.....	Q50c	φ	28.6
20	9	Rhod'n Corp. 16½p	19	.....	0.57	4.3	4.5
165	52	Roan Cons. K4	52	.....	—	—	—
164	115	Tanganyika 50p	136	.....	Q11.0	1.1	8.1
80	70	Do. Pref. 80p	78	.....	Q9%	16.4	9.2
42	27	Wankie Col. Rh.1	33	.....	Q7½c	1.4	19.4
27½	12	Zam.Cpr.SBD0.24	12	−½	—	—	—

AUSTRALIAN

1977-78 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
20	10	Acmex 25c	10	.....	—	—	—
127	57	Bougainville 50 Toea	70	−1	Q10c	1.5	9.1
128	70	BH South 50c	71	+1	—	—	—
325	119	Conzinc Riotinto 50c	176	+3	Q9c	2.3	3.2
65	18	G.M. Kalgoorlie $1	58	.....	—	—	—
112	77	Hampton Areas 5p	82	.....	1.45	4.2	2.7
35	10	Metals Ex. 50c	16	.....	—	—	—
242	134	M.I.M. Hldgs. 50c	135	+1	Q9c	1.7	4.2
105	10	Mount Lyell 25c	16	+3	—	—	—
2¼	1	Newmetal 10c	2	.....	—	—	—
120	83	North B. Hill 50c	85	+1	Q8c	1.5	5.8
12	4½	Nth. Kalgurli	9½	.....	—	—	—
143	87	Oakbridge $A1	126	−1	Q11c	1.9	5.5
55	20	Pacific Copper	30	.....	—	—	—
£13	575	Pancont'l 25c	950	.....	—	—	—
19	8	Paringa M&Ex.5p	12	−½	—	—	—
555	345	Peko-Wallsend 50c	410	.....	Q15c	φ	2.3
—	—	Poseidon 50c	75#	.....	—	—	—
12	6	Vultan Min. 50c	11	.....	—	—	—
164	92	Westn. Mining 50c	92	.....	Q6c	1.4	4.0
75	40	Whim Creek 20c	50	.....	—	—	—

TINS

1977-78 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
39	18	Amal. Nigeria	30	.....	2.51	1.6	12.7
395	240	Ayer Hitam $M1	240	.....	Q416.7c	0.9	43.1
57	25	Beralt Tin	45	.....	3.75	2.3	12.6
260	155	Berjuntai $M1	205xd	.....	‡Q60c	φ	—
570	260	Geevor	470	+10	18.15	3.4	5.8
13	8	Gold & Base 12½p	10	.....	—	—	—
325	190	Gopeng Cons.	260	.....	13.2	1.9	7.7
135	72	Hongkong	130	.....	—	—	—
100	60	Idris 10p	93	.....	9.14	1.0	14.9
10½	7	Jantar 12½p	10	.....	—	φ	—
85	30	Kamunting $M0.50	72	.....	ZQ15.5c	0.7	5.3
490	260	Killinghall	450	.....	Q125	φ	11.1
410	217	Malay Dredging $M1	295	.....	Q95.5c	φ	8.0
—	—	♦Pahang	27#	.....	†Q2.5	0.5	9.3
70	50	Pengkalen 10p	58	.....	5.58	1.3	14.6
215	133	Petaling $M1	185	.....	‡mQ12½c	10.9	1.7
90	35	Saint Piran	61xd	+1	g1.99	φ	5.0
73	59	South Crofty 10p	61xd	+2	b4.12	1.5	9.8
210	77	South Kinta $M0.50	160xd	+5	tQ77.8c	1.4	12.1
305	148	Sthn Malayan $M1	260xd	+5	‡Q131.3c	1.1	12.5
160	57	Sungei Besi $M1	145	−3	—	—	—
*60	19	Supreme Corp. $M1	55	.....	ZQ10	—	4.5
102	42	Tanjong 15p	100	+3	Q4.82%	φ	9.9
95	45	Tongkah Hrbr. $M1	90	.....	mQ16%	1.6	4.7
203	93	Tronoh $M1	153	.....	ZQ30c	2.0	4.9

COPPER

1977-78 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
198	84	Messina R0.50	84	−3	Q30c	1.9	23.9

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
9½	9	Burma Mines 17½p	9	.....	—	—	—
115	58	Colby Mines $C1	85	.....	—	—	—
600	250	Cons. Murch. 10c	255xd	.....	Q30c	φ	‡
475	265	Northgate C$1	270	+5	—	—	—
247	173	R.T.Z.	185	−4	18.5	q3.1	7.0
70	28½	Sabina Inds. C$1	43	−1½	—	—	—
£14¾	875	Tara Explrn. $1	875	.....	—	—	—
55	39	Tehidy Minerals 10p	45	.....	1.21	2.5	4.1
160	121	Yukon Cons. C$1	130	.....	Q7c	φ	3.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1978. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

"Recent Issues" and "Rights" Page 22

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London are as quoted on the Irish exchange

Albany Inv. 20p	23	.....
Ash Spinning	41	.....
Bertam	19	.....
Bdg'wtr. Est. 50p	278	.....
Clover Croft	23	.....
Craig & Rose £1	380	.....
Dyson (R.A.)	35	.....
Ellis & McHdy	65	.....
Evans Fr'k.10p	27	−1
Evered	17	+½
Fife Forge	47	.....
Finlay Pkg. 5p	20	.....
Graig Ship. £1	250	.....
Higsons Brew	135	.....
I.O.M. Stm. £1	143	.....
Holt (Jos.) 25p	237	.....
N'thn. Goldsmith	39	.....
Pearce (C. H.)	111	.....
Peel Mills	17	.....
Sheffield Brick	45	.....
Sheff. Refrshmt.	50	.....
Shiloh Spinn	20	.....
Sindall (Wm.)	83	.....

IRISH

Conv. 9% '80/82	£98⅞	−¼
Alliance Gas	68	+1
Arnott	305	.....
Carroll (P.J.)	105xd	+5
Clondalkin	80	+4½
Concrete Prods.	110	.....
Heiton (Hldgs.)	48	.....
Ins. Corp.	160	.....
Irish Ropes	135	+5
Jacob	45	.....
Sunbeam	28	+1
T.M.G.	180	.....
Unidare	70	+5

OPTIONS

3-month Call Rates

Industrials	
A. Brew	6½
A.P. Cement	18
B.S.R.	11
Babcock	10
Barclays Bank	25
Beecham	38
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	9
Cadburys	5
Courtaulds	10
Debenhams	10
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	18
Gen. Accident	17
Gen. Electric	16
Glaxo	40
Grand Met.	9
G.U.S. 'A'	18
Guardian	18
G.K.N.	22
Hawker Sidd.	40
House of Fraser	12
I.C.I.	25
"Imps"	7
I.C.L.	20
Inveresk	7
KCA	5
Ladbroke	17
Legal & Gen.	14
Lex Service	6
Lloyds Bank	22
"Lofs"	5
London Brick	5
Lonrho	7
Lucas Inds.	25
Lyons (J.)	13
"Mams"	7
Mrks. & Spncr	13
Midland Bank	25
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	12
Plessey	9
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	18
Reyrolle	20
Spillers	4
Tesco	4
Thorn 'A'	22
Trust Houses	13
Tube Invest.	30
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6
Property	
Brit. Land	3¼
Cap. Counties	5
E.P.	5
Intreuropean	5
Land Secs.	18
MEPC	12½
Peachey	10
Samuel Props.	10
Town & City	2
Oils	
Brit. Petroleum	45
Burmah Oil	7
Shell	28
Ultramar	22
Mines	
Charter Cons.	12
Charterhall Fin.	3½
Cons. Gold	20
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday January 6 1978

Textile quotas will prevent surge of cheap imports

BY RHYS DAVID, TEXTILES CORRESPONDENT

EUROPE'S TEXTILE and clothing industries appear to have achieved almost total protection from the threat of sudden surges in the growth of cheap imports.

This is indicated by the list of new Multi Fibre Arrangement quotas published to-day in the Government publication, Trade and Industry. The MFA is the international agreement regulating world trade in textiles.

The tightest restrictions apply to a small group of dominant suppliers — Hong Kong, South Korea, Taiwan, India, and Brazil —which between them supply the bulk of Europe's textile and clothing imports, and to a limited number of products, including cotton yarn and shirts.

Under a new basket system devised by the EEC it will be possible to introduce restrictions on other countries whose exports of particular products seem likely to cause disruption in European markets.

Altogether, about 98 per cent. of the U.K.'s imports will be covered by measures or possible measures, the Government claims.

Restrictions

The restrictions, the result of three months' negotiations at the end of last year with 31 suppliers, were approved shortly before Christmas by the EEC Council of Ministers.

When signed by the various parties they will be incorporated into the Multi Fibre Arrangement, which began its new four-year term on January 1.

So far about 20 countries have signed the necessary agreements with the EEC, including all the most important suppliers.

Some doubt exists over Spain and Portugal, but both have been informed by the EEC that if they do not sign, it will indicate unilaterally the import levels at which safeguard action will be taken.

The *restrictions, negotiated* after very strong pressure for tighter controls from the European textile industry—Britain and France in particular—cover 133 textile products divided into five categories according to sensitivity.

The growth rates to be allowed will depend on the level of import penetration already achieved a principle not enshrined in the previous Multi-Fibre Arrangement.

Textile industry reaction to the few detailed figures available has been favourable.

Industry leaders have forecast increased investment against the background of greater trade stability now likely.

Importers have given the new ararngements a guarded welcome, though there has been criticism of the EEC for being too restrictive.

Protection

Special arrangements have been introduced by the EEC to cover the import of goods in the first few months of 1978, while the new quota arrangements are being set up.

The EEC agreements will run for a year longer than the Multi-Fibre Arrangement—a move designed to give the Community continued quota protection during the next period of MFA renegotiation.

Challenge to U.K. Textile Industry, Page 4

Tate and Lyle in £73m. deal

Financial Times Reporter

TATE AND LYLE has won the contract to develop and manage a $140m. (£73m.) sugar plant in Swaziland.

The plant is designed to produce 100,000 tons of sugar a year from an irrigated 9,000 hectare estate and will have a throughput of 6,000 tons of cane a day.

Tate and Lyle will purchase and market the factory's output for the first five years of its operation. It will also have *a minority stake in the Royal* Swaziland Sugar Company which has been set up with a capital of $44m. to own the plant and estate.

The main shareholders in the venture for which $140m. is being raised are the Swazi Government and the Swazi Nation, which operates investment funds on behalf of the Swazi people.

Other partners are the Government of Nigeria, the German Development Company (DEG), Coca-Cola, Mitsui, the Commonwealth Development Corporation and the International Finance Corporation, a World Bank affiliate.

Additional finance is being made available by the European Investment Bank, the African Development Bank and supplier credits.

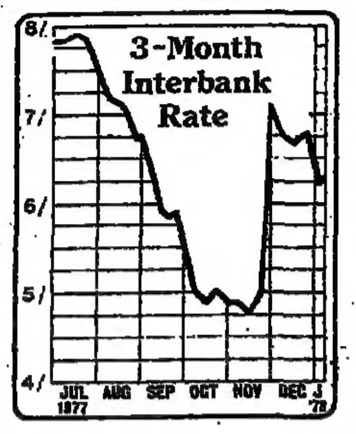
The project, which has been under consideration for several years, is to be sited at Ngomane in the Umbuluzi Basin of the Swazi Lowveld.

THE LEX COLUMN

Coral plays for high stakes

Taking its cue from New York sterling opened sharply lower *yesterday* morning and closed at $1.8880. However, the financial markets took the pound's dizzy dive in their stride and after being marked down by close to a point initially long dated gilt-edged prices recovered somewhat, and the money markets still reckon that a half-point cut in Minimum Lending Rate is on the cards to-day. Meanwhile, with three month inter-bank *rates currently hovering around* 6¾ per cent., the pressure must be on Barclays and NatWest to reconsider their 7½ per cent. base rates, and move more closely into line with Midland Bank's 6¾ per cent. rate.

Index rose 6.7 to 494.5



Coral/Pontin's

Coral's agreed offer for Pontin's is the most ambitious takeover which the market has seen for some time. The bid is worth £55m. at last night's prices, of which £17m. is in cash and the rest shares, while Coral's own market value is no more than £74m.

A week ago, Pontin's was capitalised at just £40m. — and that was on the expectation of profits noticeably higher than the *£7½m. now forecast* for the current year. Coral's own profits emerge, as expected, at £18m. pre-tax. So the terms involve a substantial measure of earnings dilution, as well as a big premium over net assets (about £43m.) and recent market prices. That is bound to be reflected in Coral's share price, which had already slipped 9p to 134p *ahead of the news.*

From Pontin's view point, the deal is attractive. Even allowing for slippage, the price looks good. And an obvious question mark over management succession is now removed. It is no surprise to learn that Pontin's made the first approach.

For Coral, the bid looks a classic example of an attempt to develop a more stable assets base by a company which is currently generating very high profits from assets of an uncertain quality. Two years ago, its net assets were under £10m. They are now over £30m., and much the biggest part of its growth over the period has come from casinos.

The first major diversification came with last year's acquisition of Centre Hotels for £16.7m. in shares and cash. That seems to have been a success so far. But obviously Pontin's is a much bigger fish, and the key ques*tion is whether Coral has the* kind of management which can significantly improve the returns from a business with an uninspiring profits record and in a highly competitive market environment. One way or another, Coral's operating profile is going to be radically different *if this* bid goes through.

Allied Breweries

The rise of £14.3m. to £77.2m. in Allied Breweries' pre-tax profits flatters the group's performance in a dull year. There was around £6m. of recovery potential arising from the Birmingham dispute early in 1975-76, while acquisitions were worth £4.8m., some £4m. of which was contributed by Teacher's. On a comparable *basis, in fact, the second half* pre-tax gain was a mere 3 per cent. That is significantly more sluggish than the performance recorded by Bass Charrington, for instance, and may reflect Allied's rising interest charges and a setback in Holland, though the group claims to have improved its share of the U.K.'s shrinking beer market in 1976-77.

Allied is rather more optimistic about the current year, however. It has a solid Christmas already under its belt—in which the emphasis surprisingly shifted from off licences to managed pubs—and a little more consumer spending power cannot harm beer sales in the months ahead. That is just as well, for the big brewers will be relying heavily on volume growth this year given that it is going to be a struggle to get worthwhile price rises past the Price Commission.

The brewing majors are eyeing one another to see which will be the first to run Mr. Hattersley's gauntlet, and certainly Allied will move before long: it points out that most of its beers have not gone up in price for a year. Apart from prices, the hope will be that lager volume will recover and lead to a more profitable sales mix—Allied is now promoting Lowenbrau as well as Skol in this sector of the market. Allied could be heading towards something over £85m. pre-tax in the current year, allowing the fully taxed p/e to ease from 13 to 11½ or so with the shares at 91p. But the yield of 6.7 per cent. is a more important support for the share price relative to Bass or Whitbread.

Berisford

S. and W. Berisford's pre-tax profits are up almost 75 per cent. at £23.6m., in line with expectations, after a more than doubled figure in the first half. The fact that this performance has come from a business with net tangible assets of, perhaps, only about £60m. highlights just how much Berisford has to rely on its human assets. So *the risk factors may be well* reflected in the company's poor stock market rating—at a price of 222p and on the basis of actual tax charges the P/E is under 4, while the shares yield 5.6 per cent.

The figures include full year results for the 1976 acquisitions —Tom Martin Metals Group and Edward Haigh (Wool)—which contributed £3.6m. at the pre-tax level against £0.6m. last year. Otherwise, it seems that all aspects of the Berisford operations showed substantial improvements, with the exception of the wool division which is just back in profit.

Maybe the best news for those analysts who have found Berisford's past annual reports less than informative about the main lines of the company's activities is the suggestion that a more useful profit and turnover analysis may be given in this year's report. Almost anything would be an improvement on the revelation that 94.82 per cent. of profit for 1975-76 came from commodities, food and related by-products.

Meantime, the current year is said to have started well but strong sterling and weak world trade hardly provide a promising background for the months ahead.

Gallaher launches new-style cigarette

By Stuart Alexander

CUT-PRICE cigarettes which can *be made at home are to be intro*duced to the U.K. later this month by Gallaher, which ranks second in the British tobacco market.

The company claims that the concept, midway between conventional cigarettes and home-rolled, will allow 20 small cigarettes of the Players No. 6 size to be made for 39p, a saving of about 10p on similar cigarettes at normal retail prices.

Rothmans, number three in the U.K., whose associate company Brinkmann already sells a similar product in West Germany, Holland and Belgium, is aiming at a similar British launch before the end of February.

Campaign

Called Custom and selling under the Benson and Hedges name, the new cigarettes' launch will be backed by a £1m.-plus advertising campaign and an introductory offer. They will be on the market from January 16, though there could be delays in some areas.

The introductory offer consists of a 99p pack containing a cigarette maker, a packet of 20 filter-tipped paper cigarette tubes, a packet of tobacco and a colour-printed plastic cigarette case.

After the launch the filter-tipped tubes will sell at 25p for 100 and the tobacco at 34p for a 20-cigarette pack and 68p for a 40-cigarette pack. The maker will cost 99p.

Wide use

The system is widely used in Europe, the U.S. and Canada, but *only now has it found its way to* the U.K. following the higher prices EEC tax harmonisation produced for small cigarettes from January 1.

In Europe, the do-it-yourself kits account for between 3.5 and 5 per cent. of the market, with nearly 50 per cent. of sales going to women. They are not available generally in France and Italy where State monopolies control the sales and import of tobacco products.

In the U.K., Gallaher is hoping that Custom will also appeal to women, who buy the majority of small, cheap cigarettes, as it offers a switch to a familiar type of smoking. Custom will be in the middle tar grouping.

Later, if the launches are successful, it is expected that other sizes and tar ratings will follow suit. Existing hand-rolling tobacco is unsuitable for the new machines as it is too moist and the strands too long.

News Analysis, Page 5

Pinochet's rule endorsed by overwhelming majority

BY ROBERT LINDLEY

SANTIAGO, Jan. 5.

PRESIDENT PINOCHET, with a resounding victory of 75 per cent. of the votes in yesterday's "national consultation" which he insists was not a plebiscite, *promised last night that there* will be "no more elections, no more voting and no more consultations" in Chile for another 10 years.

Speaking from a platform hastily erected in front of Government House, he said that his regime would respect the ideas of those who voted against his formula yesterday—about 20 per cent.—"but we are not going to accept any of their ideas."

He told the thousands of noisy supporters who had gathered outside Government House that to-day he would despatch a letter to Dr. Kurt Waldheim, UN secretary general, saying that UN investigators were not welcome in Chile.

It was a U.N. General Assembly resolution passed overwhelmingly in mid-December condemning the Pinochet regime for alleged human rights violations which prompted him to call the consultation just before Christmas. The formula to which Chileans were asked to vote "yes" or "no" was:

"In the face of international aggression unleashed against the Government of our country, I support President Pinochet in the defence of Chilean dignity, and I reaffirm the legitimacy of the Government of the Republic to lead with sovereignty the country's process of democratisation."

The U.S. said it appeared that President Pinochet's regime had rigged the vote of confidence in the Government. Mr. Tom Reston, Deputy State Department spokesman, said any election should offer all parties sufficient guarantees to present their case and this did not occur in Chile.

There are already vague charges from the Opposition that the voting results were rigged and that the election was fraudulently conducted. Proof of this is unlikely to be forthcoming——possibly because Gen. Pinochet had no need to resort to fraud to get an overwhelming "yes."

Gen. Pinochet, who began as chief of State after his 1973 coup d'etat against the late Salvador Allende as an unprepossessing leader given to mumbling his words, has grown in the Presidency.

In calling yesterday's consultation—against the wishes of his Air Force and Navy colleagues in the military junta—he demonstrated that he can manipulate Chile's ultra-patriotic people as well as any civilian politician of recent years.

New Turkish leader expected to seek urgent IMF aid

BY METIN MUNIR

ANKARA, Jan. 5.

MR. BULENT ECEVIT, who *ordered the Turkish invasion of* Cyprus in 1974, took office as Prime Minister of Turkey to-day, after his Cabinet was approved by President Fahri Koruturk.

With the support of 227 Deputies of his own social democratic Republican People's Party, and 14 others, Mr. Ecevit is assured of a vote of confidence in the 450-seat National Assembly. The vote is expected *on about January 17, and the* Government programme is expected to be submitted to the Assembly in a week at the most.

Eleven of the 14 are independents who resigned last month from the Justice Party of Mr. Suleyman Demirel, the previous Prime Minister, causing the collapse of his Right-wing coalition Government. Two come from the Republican Reliance Party, one from the Democratic Party —both small Right-wing parties.

The most urgent problem facing the 52-year-old Mr. Ecevit is the parlous state of the economy. Inflation, unemployment and the current account deficit all reached record levels last year. The foreign exchange position is so bad that payments for normal imports have been stopped since last February.

The conclusion of an agreement with the International Monetary Fund — for which negotiations have been in progress since last September—is urgently necessary, not least to *re-start long-scale private loans* to Turkey. Mr. Ecevit may also have to devalue the Turkish lira by as much as another 20 per cent.

Mr. Ecevit says that the Cyprus question will also be given top priority, as Mr. Kurt Waldheim, the United Nations Secretary General, is arriving in Turkey on Saturday for a three-day visit.

Mr. Ecevit's choice as Foreign Minister of Professor Gunduz *Okcun, a 42-year-old former* lecturer in international law at Ankara University with little experience of either politics or diplomacy, indicates that he wants to play a very prominent role in handling foreign affairs himself.

The new Finance Minister is Mr. Ziya Muezzinoglu, 48, has *already held the office.* He has also been Turkish Ambassador to the Common Market and has long experience in the Ministries of Finance and Foreign Affairs. Central Bank officials approve the choice, describing the new Minister as "an experienced hand" and "a tough negotiator."

Thirteen of the 34 Cabinet seats have been given to Mr. Ecevit's non-RPP supporters, and besides Mr. Orhan Eyyuboglu of *the RPP, Mr. Feyzioglu of the* Republican Reliance Party, and Mr. Faruk Sukan of the Democratic Party, they are also deputy prime ministers. However, the RPP holds almost all the key ministries.

Turkish Premier's grim problems, Page 2

Barnacles menace North Sea platforms

By Ray Dafter, Energy Correspondent

MARINE GROWTH may be putting vital offshore oil and gas production platforms in jeopardy, according to a Government report on underwater technology. Among the culprits are mussels, barnacles, and sea anemones.

Oil companies have been warned that an inspection of gas production platforms in the southern sector of the North Sea has shown fouling much greater than forecast.

"On some regions of the structures, the thickness of growth significantly exceeds the design allowance," says the report, prepared by the Marine Technology Support Unit, Harwell, for the Department of Energy.

"Marine growth on the jackets of offshore oil and gas platforms increases the fluid loading, seriously impedes inspection and maintenance, and may accelerate corrosion," it adds.

The report says that unless there are significant improvements in means of inhibiting or removing the growth, the workload of divers will be increased and the efficiency of underwater vehicles will be restricted.

Although a number of organisations were investigating the problem, the unit argues that research projects have been insufficient.

"They are not substantial in *total and, in contrast with the* resources devoted to the somewhat analogous situation of ship fouling, they scarcely appear commensurate with the substantial penalties and the central importance of the problem," says the report.

Techniques

An Energy Department spokesman said yesterday that its Offshore Energy Technology *Board was studying marine foul*ing and evaluating techniques to combat the problem.

Naval authorities were also cooperating in the studies. "Obviously, we hope that techniques will be developed to cope with these conditions so that they do not lead to safety hazards or interruptions to production," the spokesman said.

■ Production from the Thistle oil field in the North Sea has been delayed, possibly to next month. *The operators,* British National Oil Corporation, had hoped that the first oil would flow this week but the target had been set back by industrial relations problems, bad weather and technical difficulties.

North Sea oil review, Page 6

Continued from Page 1

Dollar recovers sharply

vened in support of the dollar, selling D-Marks, Swiss francs and Sterling. The obviousness of the Fed's operations was taken as a signal of the determination of the U.S. authorities to lend as much conviction as possible to the new policy.

The U.S. move brought a strong *response from West* German officials. Herr Hans Apel, the Finance Minister, commented that a major worry for his country's exporters had been removed, and welcomed the measures as a means of stilling speculation and restoring order to exchange markets.

In Tokyo, where the dollar also recovered overnight without any official support, there was some initial scepticism about the U.S. moves, but the official interpretation appeared to be that they were designed to ensure a general return to currency stability.

Trading in the exchange markets, however, was very volatile and conditions remained nervous. The rise in the dollar, it was felt, partly reflected a squeeze on speculators against the U.S. currency, and dealers suggested that positive evidence of an improvement in the underlying U.S. balance of payments would be needed to restore stability in the longer term.

The volatility of the markets was reflected in the movements of sterling, which opened at $1.880 and moved up to a best level of $1.9075 before coming back later.

In the money markets, the Bank of England repeated its signal calling for restraint in the downward pressure on interest rates. A further cut in the Bank's minimum lending rate, possibly of ½ per cent. from the present 7 per cent., may be made to-day, and if this happens it will almost certainly bring a reduction in some bank lending rates.

Weather

U.K. TO-DAY

CLOUDY and mild, rain in West, sunny spells in E. and Central England.

London, S. England, E. Anglia, Midlands, Channel Islands
Bright periods, mainly dry. Max. 9C (48F).

E., N.E., Cent. N. England
Bright periods, mainly dry. Max. 9C (48F).

Wales, N.W. England, Lakes, Isle of Man, S.W. Scotland, Cent. Highlands, Argyll, N. Ireland
Cloudy, occasional drizzle. Max. 9C (48F).

Borders, Edinburgh, Dundee, Aberdeen, Moray Firth
Bright periods, mainly dry. Max. 9C (48F).

N. Scotland, Orkney, Shetland
Cloudy, occasional rain. Wind strong to gale. Max. 9C (48F).

Outlook for weekend: Mainly dry in S. at first.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amsdm	C	1	34	Madrid	S	10	50
Athens	C	12	54	Manchestr.	C	6	43
Bahrain	C	20	68	Melbourne	R	20	68
Barcelona	F	11	52	Mexico C.	S	22	72
Belfast	C	8	46	Milan	S	8	46
Belgrade	F	1	34	Montreal	C	−9	16
Berlin	S	−1	30	Moscow	C	−2	28
Brmghm.	C	6	43	Munich	S	4	39
Bristol	C	7	45	Newcastle	C	8	46
Brussels	F	1	34	New York	C	2	36
Budapest	F	1	34	Oslo	Sn	−7	19
B. Aires	S	28	82	Paris	S	4	39
Cairo	S	18	64	Perth	C	30	86
Cardiff	C	9	48	Reykjavik	F	1	34
Chicago	C	0	32	Rio de J'o	S	30	86
Cologne	C	−1	30	Rome	S	10	50
Cophagn.	C	0	32	Singapore	S	28	82
Dublin	C	9	48	Stockholm	C	−5	23
Edinburgh	R	9	48	Strasbrg.	F	1	34
Frankfurt	F	1	30	Sydney	C	21	70
Geneva	S	1	34	Tehran	C	9	48
Glasgow	C	9	48	Tel Aviv	S	16	61
Helsinki	S	−13	9	Tokyo	C	10	50
H. Kong	S	15	59	Toronto	C	1	30
Jo'burg	C	24	75	Vienna	F	−2	28
Lisbon	S	12	54	Warsaw	C	−3	27
London	C	6	43	Zurich	S	−1	30
Luxemb'g	F	−2	28				

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	S	12	54	Jersey	Dr	5	41
Algiers	F	16	61	Las Plms.	F	20	68
Biarritz	F	11	52	Locarno	S	8	46
Blackpool	C	7	45	Majorca	F	13	55
Bordeaux	S	7	45	Malaga	C	15	59
Boulogne	C	4	39	Malta	R	9	48
Cape Town	S	26	79	Nairobi	S	24	75
Corfu	C	11	52	Naples	F	8	46
Dubrovnik	F	6	43	Nice	S	11	52
Faro	F	16	61	Oporto	S	13	55
Funchal	F	18	64	Rhodes	R	15	59
Gibraltar	C	17	63	Salzburg	S	−4	25
Guernsey	C	7	43	Tangier	F	18	64
Innsbruck	Sn	−4	25	Tunis	C	14	57
Inverness	C	8	46	Valencia	S	12	54
Isle of Man	C	9	48	Venice	S	6	43
Istanbul	R	4	39				

C—Cloudy. F—Fair. S—Sunny. R—Rain. Sn—Snow. Dr—Drizzle.

Continued from Page 1

Coral Leisure bids for Pontin's

night contains profits forecasts from both companies. Coral is expected to show £18m. pre-tax for the 12 months ending December 27, 1977, and Pontin's not less than £7.25m. for its financial year ending March 31, 1978.

For Coral, whose main interests are in bookmaking, casinos, bingo and greyhound racing, the Pontin's bid marks a second *major move into the hotels business.* In April last year, the group paid over £16m. for Centre Hotels.

Mr. Nicholas Coral, chairman, said last night that he would be "looking at the business," with Sir Fred. "Perhaps with younger people at the helm, there may be one or two things that can be donet o encourage an increased rate of growth," he added.

Sir Fred thought the two par*ties would be a great help to* each other. He saw particular benefits arising out of Coral's interests in bingo, betting and amusement arcades. "We have the same sort of clientele, who enjoy the same type of holiday," he said.

Of his own position, Sir Fred said "I feel as fit as a flea. I have no intention of retiring."

Advisers to Coral are Charterhouse Japhet and to Pontin's *Kleinwort Benson.*

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